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ABSTRACT

This report is a look at what the 1990 Census has to say about income and poverty in Minnesota and its major metropolitan area, the Twin Cities (Minneapolis and Saint Paul). The report is organized into five parts, each addressing a different variation on the central theme of income and poverty: (1) Income Overview; (2) Income Types; (3) Poverty Overview; (4) Household Types and Poverty; and (5) Race, Income, and Poverty. After review of census figures providing the truth about poverty and minorities, it is clear that minorities are, in fact, worse off than whites in terms of income and poverty. The causes of racial disparities in income and poverty are complex and tightly interwoven, and the census cannot reveal all these complexities. Household composition and age certainly help explain minority poverty, but it is not clear whether they are causes, contributing factors, effects, or a combination of the three. Although the census can illuminate much about cities and poverty, it cannot explain racism and poverty. Four appendixes contain maps of Minnesota counties and cities. (Contains 4 maps, 43 figures, 68 tables, and 15 references.) (SLD)

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Income and Poverty

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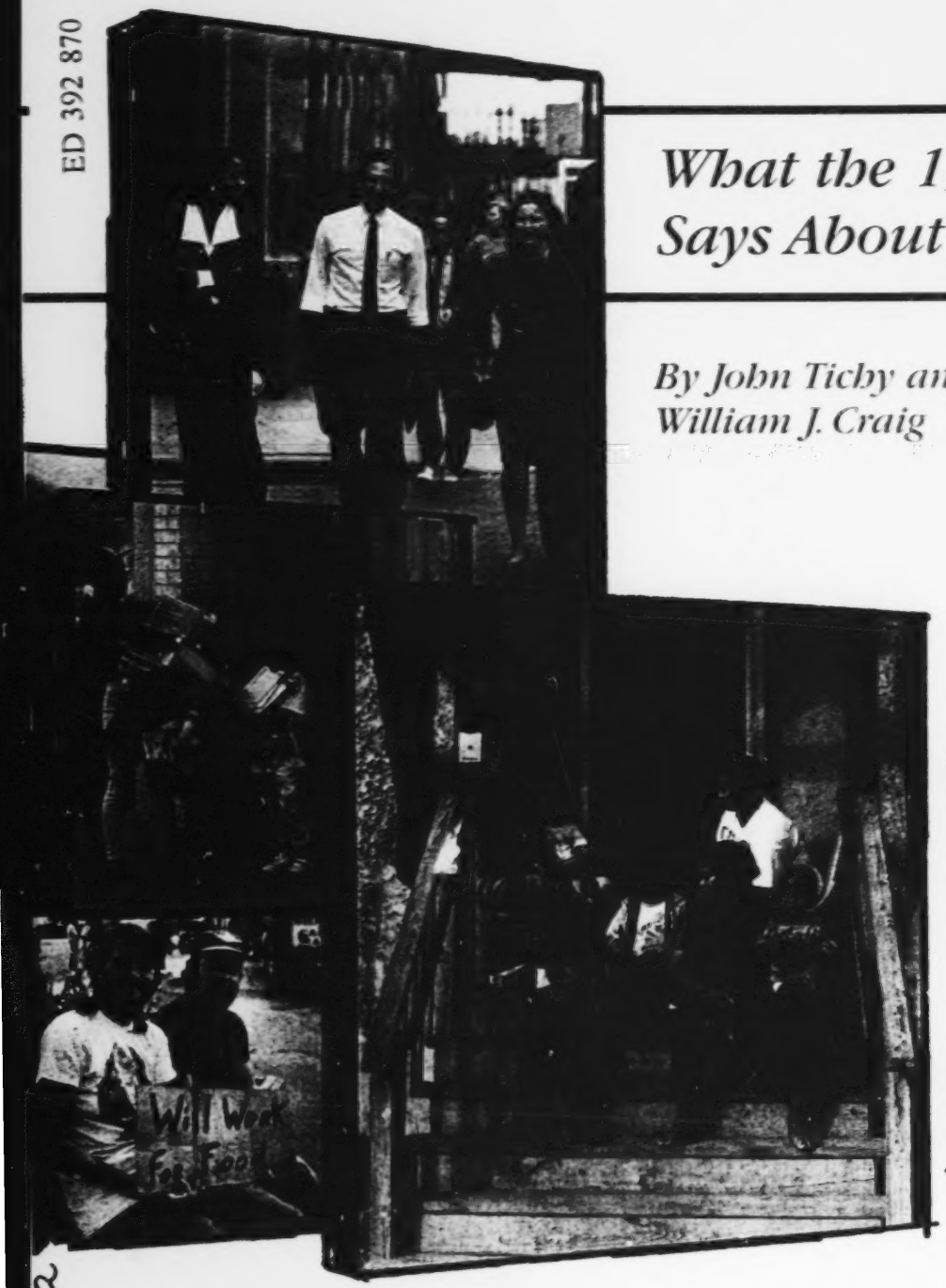

What the 1990 Census Says About Minnesota

By John Tichy and William J. Craig

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What the 1990 Census Says About Minnesota:

Income and Poverty

by John Tichy

and William J. Craig

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A report with this many tables and graphs requires an enormous amount of work in editing and layout. The authors are indebted to Ellen Hawley for initial editing and to Louise Duncan for design and layout. While we are responsible for content, and we think our analysis is quite thorough, our messages would have been lost in a fog of data had we not had the careful eye of Chris McKee. Her work in editing and refining this report has added immensely to its quality.

Introduction: Using Census Data

Contents of this Report

This report is a look at what the 1990 Census has to say about income and poverty in Minnesota and its major metropolitan area, the Twin Cities. As it turns out, some of what it says is predictable and some is surprising. The report is organized into five parts, each addressing a different variation on the central theme of income and poverty:

Part I: Income Overview. Here our central question was, "How is Minnesota doing in terms of income?" We compared this state to the nation as a whole and looked at how the Twin Cities and the outstate area compare to each other. We looked at how the state, the Twin Cities, and the outstate area have fared since the 1980 Census and attempted to explain some of the changes that we discovered.

Part II: Income Types. Here we looked at the types of income Minnesotans earned in 1989 and at the general economic well-being of various parts of the state. We compared the proportions of various income types in the Twin Cities and the outstate area and looked at a few particular income types to see where (and why) they are disproportionately important parts of the total earnings pie.

Part III: Poverty Overview. We began this section by answering the question, "What is poverty?" which is not as simple a question as it seems. We then looked at the extent of poverty in Minnesota, again comparing the state to the nation at large and the Twin Cities to the outstate area. We detailed which types of people tend to be poor, using the screens of age, sex, and place of residence. Our ultimate aim, as in Part I, was to answer the question, "How are we doing?" We answered this question in general and then looked at examples of how differently two parts of Saint Paul changed between 1979 and 1989.

Part IV: Household Types and Poverty. Different household types are more or less susceptible to poverty. Here we looked at how each household type is doing in terms of income and poverty and at whether Minnesota is gaining or losing in numbers and relative proportions of those household types. We devoted extra attention to examining the extent of poverty within two traditionally high-poverty groups: children and the elderly.

Part V: Race, Income, and Poverty. Race and poverty are clearly linked, but the extent and nature of those connections are obscure. In this section, we examined the levels of income and extent of poverty within five major racial/ethnic groups and then attempted to explain the disparities that we discovered between Whites and minority groups.

We found the census to be an exceedingly rich source of information, only a small portion of which we were able to examine in this report. We present some sixty-eight tables and forty-two figures, sometimes commenting only briefly on the substance of these. We hope and expect that others will be able to make more use of this information; going beyond our analysis. We have provided background on the intricacies of the census throughout this report, so that others can replicate or continue the work begun here.

The Appendix, at the back of this report, contains several reference maps:

- Minnesota, by counties
- The seven-county Twin Cities metropolitan area, by city/minor civil division and county
- Minneapolis and Saint Paul, by census tracts

The 1990 Census

The 1990 Census is the most detailed tabulation of Americans ever compiled. It contains detailed data on population, race and ethnicity, age and sex, education, employment, income, poverty, housing, and many other topics for each of several different levels of geography:

- The United States and major regions of the country
- Each state and metropolitan area
- All 3,000+ counties in the United States
- Municipalities, census tracts, and block groups

This report uses several different levels of geographic detail. When reporting statewide data, we will use Minnesota's eighty-seven counties as the unit of analysis. We will sometimes summarize data for the seven-county Twin Cities metropolitan area (Hennepin, Ramsey, Anoka, Carver, Dakota, Scott, and Washington Counties) and for the outstate area (the remaining eighty counties in the state). When reporting Twin Cities data, we will use census tracts as the unit of analysis, since census tract data provides better geographic detail than city-level data. Census tracts contain an average of 4,000 people. In cities like Minneapolis or Saint Paul, a census tract is often ten-to-twenty city blocks in size (although the size may vary depending on the population density of the area). Minneapolis contains 126 census tracts and Saint Paul, 82.

Availability of Census Data

Census data is available in several different forms:

- *Printed census reports.* Most people are familiar with the bound census volumes found in their school or public library. These reports are the most accessible and widely used of the census products.
- *Summary Tape Files (STFs).* The Census Bureau also compiles census data onto machine-readable tapes or compact discs (CD-ROM). This data can be easily copied to personal computers and then manipulated, using today's powerful spreadsheet software programs. STF data virtually eliminates the tedium and errors arising from data entry by hand. STFs also have much more data, to a much greater level of geographical and topical detail, than do the printed census reports.
- *Public Use Microdata Samples (PUMS data).* Most publically available census data is summarized; the Census Bureau gathers data from individual census forms and compiles it into tables that it thinks would be useful to a large number of people. PUMS data allows users, to create their own census tables using any combination of data they are interested in. There is a catch, however. Although machine readable, PUMS data is more difficult to use, does not have the fine geographic resolution (e.g., census tracts or blocks) of STF data, and is only available in samples (1 percent or 5 percent of all forms returned from areas of 100,000 or more people).
- *Private-industry compilations.* Many information companies compile census data for specific uses and sell it to businesses or to the public. Although the government does not charge the public for use of census data, companies can and do charge for the time and expense of gathering the data and assembling it in an accessible, user-friendly format.

This report was prepared principally with data from the 1980 and 1990 Census' STF-3: the third of the four summary tapes compiled by the Census Bureau. STF-4 contains even more detailed data, especially for the different racial and ethnic groups. Researchers who need such data are encouraged to investigate this source.

Income and Poverty Data in STF-3

Almost a third of the 1990 Census' STF-3—50 tables—is devoted to data on income and poverty. Income, not surprisingly, is typically measured in dollars, while poverty is measured in terms of one's income as compared to a government-defined *poverty level*. Part III of this report contains a more detailed description of how the poverty level is defined.

The 1990 Census reports income and poverty data for 1989, not 1990. In contrast, population, household, housing, and much other data are reported for 1990. The difference arises from the way the census asks people for income information as opposed to other types of information. Those people answering census questionnaires about income (a relatively small sample of the total population completes the census' long form, which has questions about income and poverty) are asked to detail their income from the previous full year (in this case, 1989). Because the census is enumerated on April 1, only a small and possibly unrepresentative portion of 1990's income would have been earned by the time a person had to fill out a census form. The census does not simply take a quarter-year's income and multiply it by four; the previous full year's income is probably a more complete and accurate figure than an estimate based on income earned in the first quarter of the year.

At times we want to compare income in 1989 with income in 1979 to look for growth or decline. There was significant inflation during this period, so 1979 dollars must be inflated to make these comparisons useful. We adjusted 1979 dollars to 1989 dollars using the national Consumer Price Index. Our multiplier was 1.708; i.e., 1979 dollars were inflated by 70.8 percent. Income is reported in 1989 dollars throughout this report.

Income and poverty status (income above or below the poverty level) are described in terms of households, families, and persons. In some cases, the census definition of these terms differs from that used by most people in normal life. An explanation of these definitions follows.

Households and Household Income

The basic unit of measurement for income is the *household*. The census defines a household as all persons occupying a single housing unit, living and eating separately from any other persons in the building. Households can be either families or non-families. Examples of households include:

- A married couple living in an apartment or in their own house
- Five college-aged women renting a house
- A single mother and her child renting an apartment
- A single man renting a basement room or apartment in a house

The household, then, is the type of living arrangement one chooses. The census defines one member of the household (often the person who fills out the census form) as the *householder*. Presumably this person is the head of the household, although this may not always be the case.

A *householder* is the "head of the household" or, at least, the first person enumerated on the census form—always an adult. Then each subsequent person in the household indicates their relationship to the householder. In families, this is usually the father or mother; others are wife or husband, child, etc. Non-family households can include persons living alone, unmarried couples living together, or roommates sharing an apartment or house. In the latter case, one of the roommates is the householder, even though there may not be an actual head of the household.

In a few cases, a person may not live in a household. These persons are classified by the census as living in *group quarters*. These persons are divided by the census into two classes: institutionalized persons (e.g., persons living in prisons, mental hospitals, or some nursing homes) and non-institutionalized persons (e.g., those living in college dormitories, group homes, shelters, military barracks, and the homeless). The census does not report income or poverty for these people.

Household income is the combined income from all sources of all members of the household. The assumption behind this figure, one which in many cases is true, is that all income earned by household members is used to support the household, as if it were all collected into a sort of pool for common use. In many households, however, this is not true. A group of four unrelated young people living together, for example, comprise one household from the census' viewpoint, but in fact are essentially four separate households under one roof, since each person pays his or her own living expenses with his or her single income. For this reason, household income figures should be taken with a grain of salt.

Families and Family Income

A *family* is one type of household in which at least some of the household members are related by marriage, birth, or adoption. The most common and traditional family type is the married-couple family, with or without children; in 1990, 58 percent of all households and almost 85 percent of all families (950,000 out of 1.1 million Minnesota families) were married-couple families. Another less common family type, the single-parent family (a divorced or unmarried person with his or her children), has been the subject of much research and contention in recent years.

The census also recognizes other types of families, however. In the eyes of the census, two brothers or sisters renting an apartment together are a family, even if they buy their food separately and split the rent. A daughter living with and caring for her elderly mother is also part of a family. In this report, these family types are summarized as "other families."

Family income, like household income, is the combined income of all family members—whether or not all of the income is actually used to pay family expenses. A teenage child's income from a part-time job, for example, is considered by the census to be part of that family's total income, even though the concert tickets and old cars it may buy do not help support the family.

Persons for Whom Poverty Status is Determined

For families, *poverty status* is determined first for the entire family: the incomes of all persons in the family are combined and then compared to the poverty level. Once a family's poverty status is determined, all persons in the family are assigned that status, either above or below the poverty level. For example, a family of five (husband, wife, three children) has a combined family income above the poverty level. The census also considers all five persons—the adult male, the adult female, and the three children—to be individually above the poverty level. This is how it is possible for children who do not work and thus have no income to be above or below the poverty level.

For non-family households, poverty status is determined separately for each individual living in the household, based on that individual's personal income. In contrast, note that the household income of non-family households is still calculated by adding together the incomes of each person.

Poverty status is not determined for:

- Soldiers living in military housing (e.g., barracks on a military base)
- Students living in college dormitories
- Inmates of institutions (e.g., prisons or mental hospitals)
- Unrelated individuals under age 15 (e.g., children living in foster homes or orphanages)

Where to Get Census Data

1990 Census data can be found in the system of official government document repository libraries, located in major metropolitan areas across the country. The Wilson Library at the University of Minnesota houses one of these libraries, at which census data in both book and computerized form is available for public use. The University of Minnesota also has the Machine-Readable Data Center, which provides computerized census data to the public for a fee. The Census Bureau itself will also provide census data on a specific topic to the public for a nominal fee. Finally, some companies sell pre-made packages of census data, often accompanied by software that makes accessing and manipulating the data easier for the beginning user.

Part I: Income Overview

How is Minnesota Doing?

A summary of the 1990 Census data tells us that Minnesotans overall were in better shape in terms of income than they were in 1980, but that the improvements were not equally shared by all—or in some cases, shared at all. Minnesota gained ground over 1980 due in part to a strong metropolitan area economy and in part to an increase in the proportion of working-age persons in the labor force.

Aggregate Household Income

Minnesota's aggregate household income (the sum of the incomes of all households), was $62 billion in 1989, an increase of 21 percent after adjustment for inflation (Table 1-1). Most of the state's increase was generated by the strong Twin Cities economy, which already accounted for over half of the state total in 1979; aggregate household income in the outstate area also grew, but only by 7 percent more than inflation. The outstate area's relatively weak growth in income matches its growth in the number of households, while the Twin Cities' aggregate income outstripped household growth. Statewide, household income growth has far outpaced population growth.

Table 1-1: Changes in Income and Population for Minnesota, Outstate and Twin Cities, 1980–1990 (in percents)

	Percent Change from 1980 to 1990		
	Minnesota	Outstate	Twin Cities
Aggregate household income	21.4	7.0	32.1
Total population	7.3	- 0.2	15.3
Total households	13.9	6.6	21.3

Source: *1980 Census*, STF-3, Tables 3, 10, 70; *1990 Census*, STF-3, Tables P1, P5, P84.

Median Household Income

The median household income is the income of the typical household in an area; half of all households are better off than the median figure and half are worse off. The median, unlike an average, is not influenced by extreme values. The income of one billionaire may substantially increase the average income of an area, but it is just another income when the median is calculated, no more important than that of a person with an income one dollar above the median. Only a large number of wealthy households in an area would cause the median household income to increase appreciably. As such, median household income is a good indicator of the welfare of the typical household in an area.

Median Household Income Versus Median Family Income

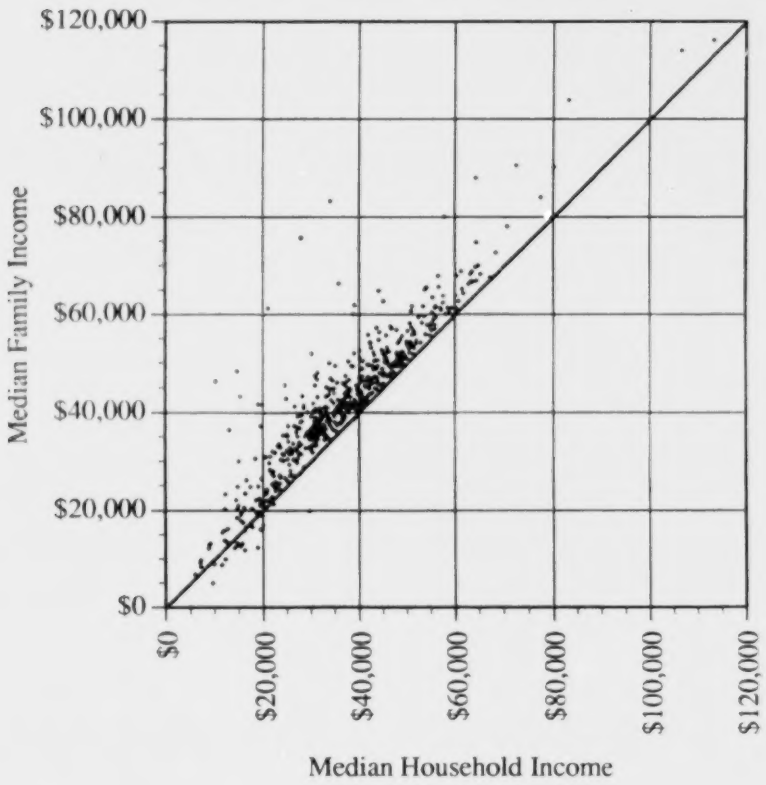
Median household and median family income are usually highly correlated (Figure 1-1). This strong relationship, along with the fact that median household income is a more inclusive measure, allows us to focus on household income for the remainder of this chapter. A majority of all households are families, so median household income includes the incomes of all families. The median family income is almost always higher than the median household income, however. In 1989, Minnesota's median family income was $36,916, compared to a $30,909 median household income. Most families are married-couple families, many of which have two incomes (see Workers in the Family section, this chapter). Median household income, on the other hand, includes not only families but also many non-family households with lower incomes. The addition of non-family households usually makes the median household income lower than the median family income. In this report, we use median household income, in part because there is usually no significant difference between the two median income measures, and in part because the median household income is more inclusive and thus more accurately describes the welfare of the whole population of an area.

In general, median family income is higher than median household income. In the Twin Cities in 1989, only 26 out of 597 census tracts (4 percent) had a median household income that was larger than the median family income; most of these tracts were located in very poor areas, such as the Near North Side and Phillips neighborhoods of Minneapolis or the Summit-University neighborhood of Saint Paul. These tracts may have had a large proportion of multi-person non-family households, with many persons contributing to the collective household income. Meanwhile, the dominant family type in these tracts was the single-parent family, which often has a very low income due to its having only one wage earner.

Gentrifying neighborhoods, where poorer renters are being displaced by more well-to-do owners, often exhibit this discrepancy between median family and median household income. One Twin Cities example is found in the Loring Park neighborhood, immediately southwest of downtown Minneapolis. Much of the housing in that neighborhood is rental,

occupied by middle- or lower-income single persons. Some new condominium housing was built during the 1980s along the edge of Loring Park with the downtown. The owners of these units have much higher incomes than their renter neighbors across the park: median family income for the two Loring Park census tracts is more than $40,000 above the median household income.

Figure 1-1: Two Measures of Income: Median Household Income vs. Median Family Income, Twin Cities Tracts



Note: The diagonal line marks where the median household and median family incomes are the same.

Source: *1990 Census*, STF-3, Tables P80, P107.

Median Household Income in 1989: Minnesota Versus the Rest of the Nation

Minnesota's median household income increased slightly during the 1980s, but compared to the rest of the nation, it became more average (Table 1-2a). Minnesota remained in the top 20 percent in a ranking of states in 1989, although it slipped three ranks, from 14th in 1979 to 17th in 1989. Strong growth in other states (particularly in the eastern United States) pushed the national median up by 5 percent and brought it within less than $900 of Minnesota's median. Minnesota remained, however, the best-off state in the Upper Midwest with a median household income of $30,909. Indeed, the state improved its position relative to its neighbors during the 1980s, with an increase of 2 percent and a loss of only three ranks. South Dakota, with a median household income of more than $8,000 less than Minnesota, was the next best state in the Upper Midwest in terms of rate of change: it neither lost nor gained ground during the 1980s. Minnesota was second best in the Upper Midwest in terms of the change in its national ranking: the state only declined three rankings. South Dakota, at 48th place nationally in 1979, improved to 46th.

The median family income story was almost exactly the same (Table 1-2b). Minnesota became more average in this measure as well, slipping from being ahead of the national median by $1,200 to being below the national median by $600. Compared to the other states in the Upper Midwest, Minnesota was the best off in both 1979 and 1989.

Table 1-2a: Median Household Income (MHI) for Selected States, 1979–1989

Selected States	MHI, 1989	Rank in 1989	MHI, 1979	Rank in 1979	Percent Change
Connecticut	$41,721	1	$34,292	4	+ 22
Minnesota	**30,909**	**17**	**30,336**	**14**	**+ 2**
United States	*30,056*	--	*28,764*	--	*+ 5*
Wisconsin	29,442	21	30,197	16	- 3
Iowa	26,229	36	28,693	23	- 9
North Dakota	23,213	43	26,120	33	- 11
South Dakota	22,503	46	22,470	48	0
Mississippi	20,136	51	20,660	51	- 3

Source: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Table P80a.

Table 1-2b: Median Family Income (MFI) for Selected States, 1979–1989

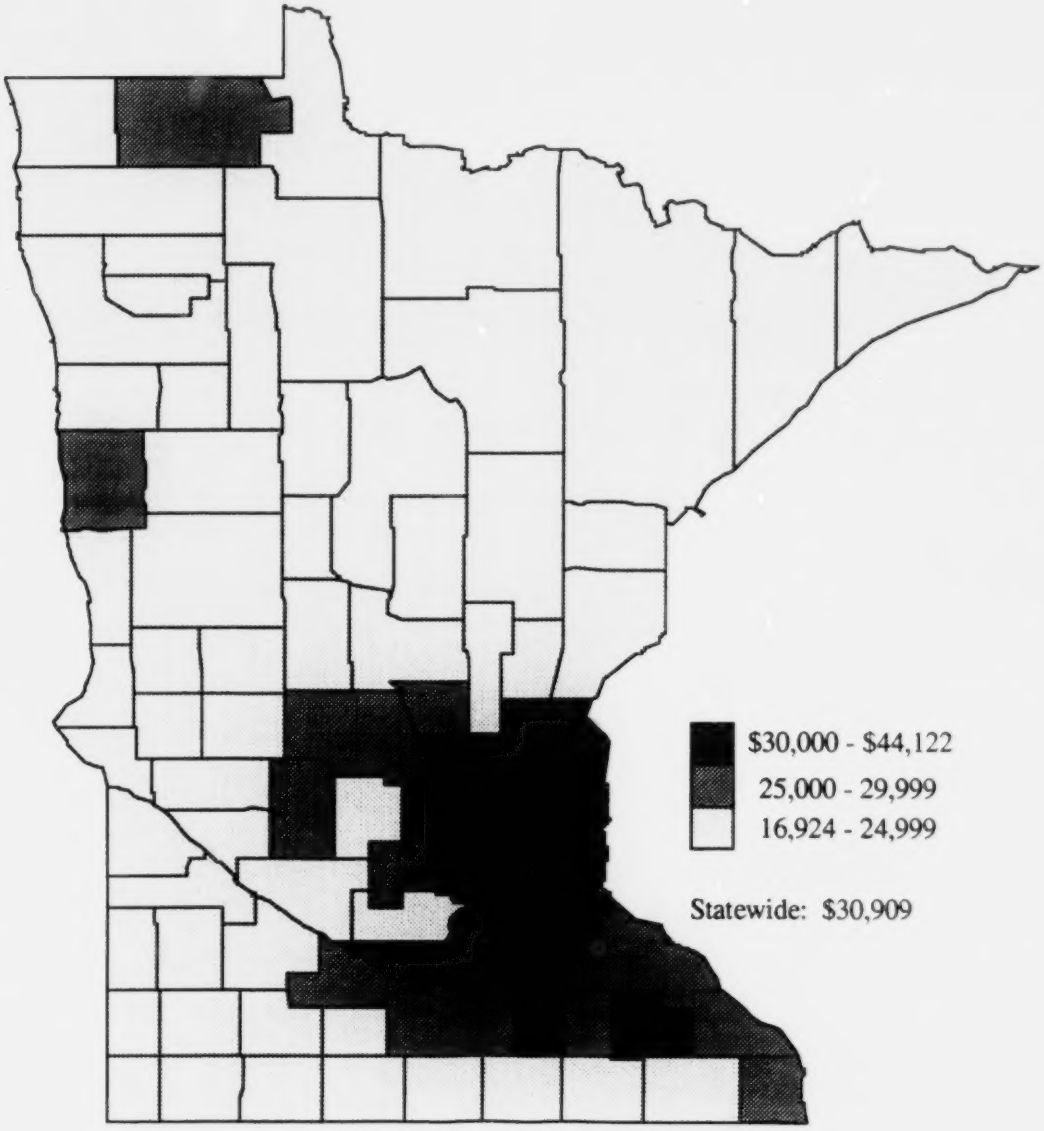
Selected States	MFI, 1989	Rank in 1989	MFI, 1979	Rank in 1979	Percent Change
Connecticut	$49,199	1	$23,149	2	+ 24.4
United States	*37,579*	--	*19,917*	--	*+ 10.5*
Minnesota	**36,916**	**14**	**21,185**	**13**	**+ 2.0**
Wisconsin	35,082	20	20,915	15	- 1.8
Iowa	31,659	34	20,052	20	- 7.6
North Dakota	28,707	41	18,023	35	- 6.7
South Dakota	27,602	46	15,993	49	+ 1.0
Mississippi	24,448	51	14,591	51	- 1.9

Source: *1980 Census*, STF-3, Table 74; *1990 Census*, STF-3, Table P107a; *Statistical Abstract of the U.S.*, 1993, Table 720.

Geographic Variations

Statewide, the highest median incomes were concentrated in the Twin Cities area and the surrounding counties (Figure 1-2). All of the top five and seven out of the top ten counties in terms of median household income were from the seven-county Twin Cities metropolitan area. The unusually high equivalent rank of the state (Table 1-3), at 13th out of eighty-seven counties, indicates the influence of the Twin Cities on the state median income. The seven Twin Cities counties contained enough households with incomes above $30,000 to offset eighty outstate counties. If the state's median household income is the income of the typical Minnesota household, most of the better-off households were in the Twin Cities area, while most of the worse-off households were in the outstate area.

Figure 1-2: Median Household Income, Minnesota Counties



Source: *1990 Census*, STF-3, Table P80a.

Table 1-3: Median Household Income (MHI) for Selected Counties, 1989

Selected Counties	MHI	Rank (Among 87 Counties)
Washington County	$44,122	1
Twin Cities area	*36,785*	*6**
Hennepin County	35,659	7
Ramsey County	32,043	10
Minnesota	**30,909**	**13***
Outstate	*25,248*	*30**
Mahnomen County	16,924	87

* Equivalent rank, if these areas were counties. The state's equivalent ranking was 13th; twelve counties were above the state level, while seventy-five were below it.

Source: *1990 Census*, STF-3, Table P80a.

Outstate Minnesota counties, with few exceptions, had median household incomes below $25,000. Most of the outstate counties with incomes above $25,000 were at the northwestern end of the United States manufacturing belt, in a region extending from Saint Cloud southeast to Rochester and LaCrosse and centered on (and closely economically associated with) the Twin Cities metropolitan area. Some of the counties with higher median household incomes not directly associated with the Twin Cities economy included:

- Clay County, which is half of the Fargo-Moorhead metropolitan area
- Roseau County, home of Marvin Windows
- Several counties containing regional urban centers or college towns:
  - Brown County (New Ulm)
  - Kandiyohi County (Willmar)
  - Steele County (Owatonna)
  - Blue Earth/Nicollet counties (Mankato/Saint Peter)

Cost of Living Differences

The low median household incomes of outstate counties may have been offset by a lower cost of living. Housing is cheaper in outstate Minnesota than in the Twin Cities metropolitan area. Other costs of living, however, such as food, energy, and transportation, are higher. In this report, we did not adjust for geographic variations in the cost of living, for two

reasons. First, we believed that lower outstate housing costs might be offset by other costs which were higher. Second, estimating regional variations in the cost of living is very complex, potentially subjective, and not essential given the overview nature of this report.

Median Household Income in 1989: The Twin Cities

The range of incomes across the Twin Cities is portrayed in Figure 1-3, with some of the highest and lowest tracts identified in Table 1-4. Most of the the Twin Cities census tracts with low (below $25,000) median household incomes were concentrated in two clusters around the two central-city downtown areas. A slender ribbon of poor tracts paralleling University Avenue connected the two clusters, creating a shape like a bone. This pattern will be seen again and again when looking at income and poverty in the Twin Cities; it shows the core low-income, high-poverty area.

The highest median household incomes were concentrated in the western and eastern suburbs, although a few areas to the north (e.g., North Oaks and Ramsey) and south (e.g., Eagan and Burnsville) were well above the Twin Cities median.

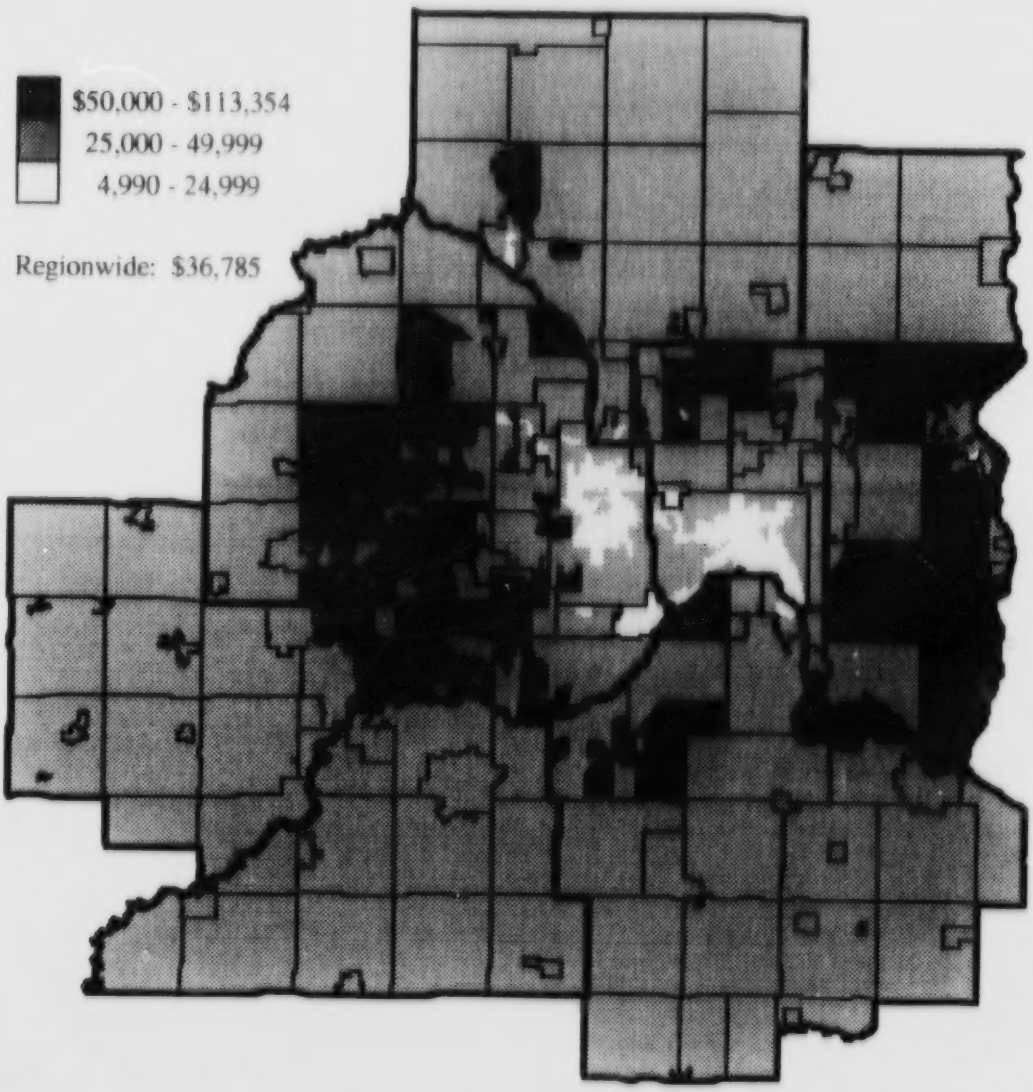
Table 1-4: Median Household Income (MHI) for Selected Twin Cities Tracts, 1989

Census Tract (Location)	MHI	Rank
Highest in Twin Cities area: tract 406.01 (North Oaks)	$113,354	1
Highest in Minneapolis: tract 65 (Kenwood)	57,814	33
Highest in Saint Paul: tract 375 (Highland Park)	45,787	138
Twin Cities area median	*36,785*	–
Lowest in Saint Paul: tract 329 (north of the State Capitol)	7,061	596
Lowest in Minneapolis: tract 34 (Near North Side, Minneapolis)	6,063	597
Lowest in Twin Cities area: tract 374.04 (Pig's Eye Lake area, Saint Paul)*	4,990	598

*Although tract 374.04 is technically the lowest in the Twin Cities area, it is an unusual census tract, with only three households and three single female residents. Tract 34 is effectively the lowest in the Twin Cities area.

Source: *1990 Census*, STF-3, Table P80a.

Figure 1-3: Median Household Income, Twin Cities Tracts



Source: *1990 Census*, STF-3, Table P80a.

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Changes in Median Household Income: 1979–1989

The 1980s reinforced geographic patterns of income in Minnesota and within the Twin Cities area. Statewide, the rich metropolitan counties became richer, while the poor outstate counties often only held their own or lost ground. Within the Twin Cities, a similar story played itself out. The median household incomes of wealthy suburbs increased, while those for depressed inner-city neighborhoods decreased further from their already low levels.

Around the State

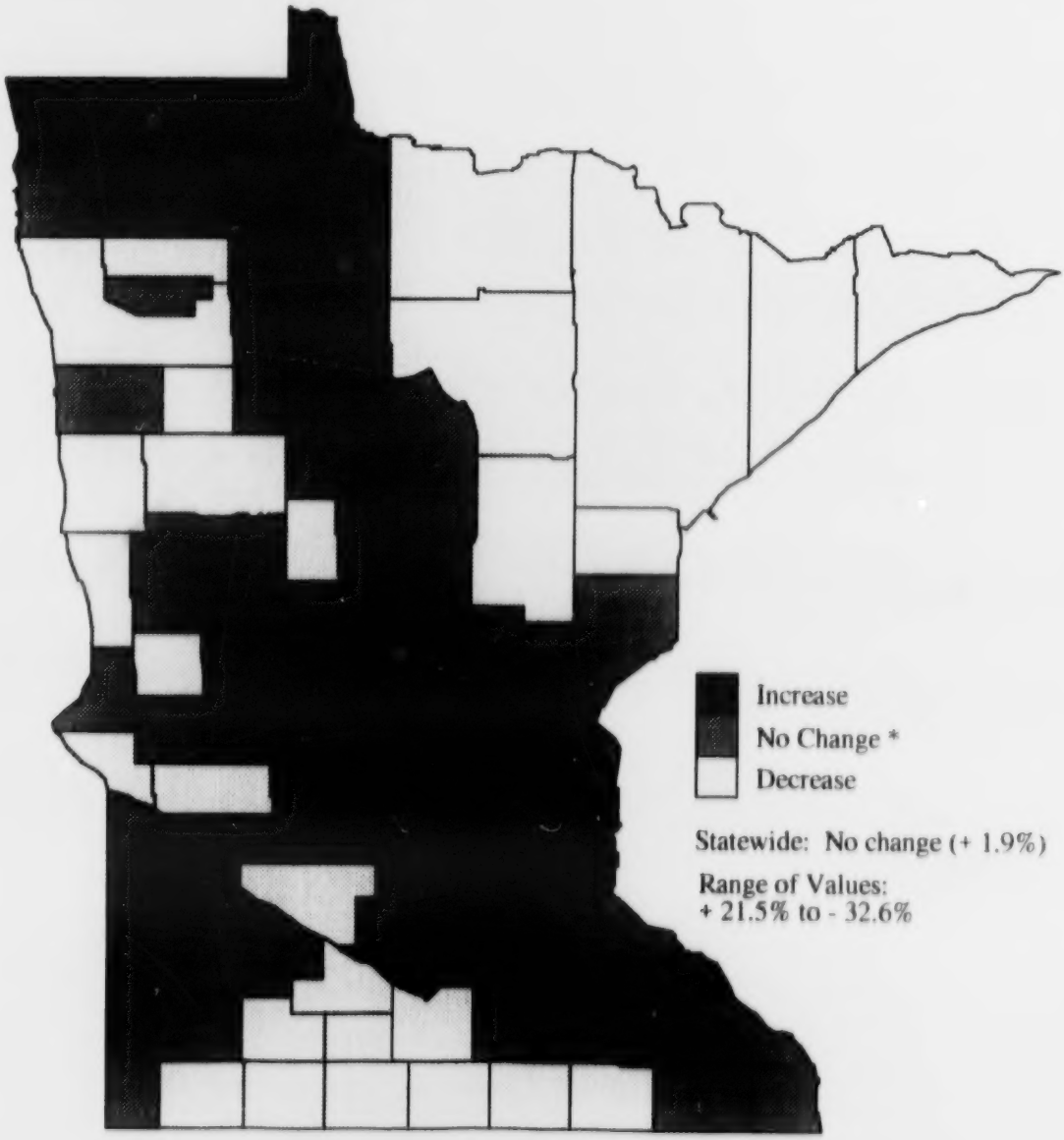
Median household income increased in the Twin Cities metropolitan area and surrounding counties, extreme northwestern Minnesota, and two counties in southwestern Minnesota (Figure 1-4 and Table 1-5). The increase in the Twin Cities counties, and particularly the suburban and exurban counties (e.g., Washington, Wright, Dakota, and Scott Counties), was not surprising, given the growth that the metropolitan area experienced during the 1980s. Roseau, Kittson, and Lake of the Woods Counties appear to have benefitted from the presence of Marvin Windows in Roseau. Many of the outstate counties with large percentage increases in median household income during the 1980s showed such large increases because their median household incomes were very low to begin with (Figure 1-2). Lake of the Woods County, for example, had a 1979 median household income near $20,000. It had the state's largest gain in median household income during the 1980s (21.5 percent), but even with this gain, its 1989 median household income was still below $25,000.

The Arrowhead region in the northeast and several agricultural counties in the west and southwest lost ground during the 1980s. The continuing decline of the extraction-based economy in the Iron Range is probably an important reason for the drop in median income levels in the Arrowhead. A whole series of crises—including flooding, foreclosures, and, ironically, bumper crops and continually increasing productivity—hurt the agricultural counties.

Twin Cities Metropolitan Area

In the Twin Cities, most suburban areas increased in median income (or at least did not lose ground) and most first-ring suburbs (particularly those encircling Minneapolis) declined, while the central cities varied from neighborhood to neighborhood (Figure 1-5 and Table 1-6). Many of the rapidly growing third-ring suburbs, such as Maple Grove, Rosemount, Lino Lakes, and Lake Elmo, saw their median household incomes increase as many young, dual-income families moved into new housing constructed during the 1980s. This same phenomenon was also seen, although to a lesser extent, in some of the rural townships within the metropolitan area, for example, in western Carver, northeastern Washington, or southern Dakota Counties. We expect that the 2000 Census will show continued gains in median household income for these townships as they are suburbanized.

Figure 1-4: Change in Median Household Income, Minnesota Counties



*A difference of 3% or less between 1979 and 1989 was considered to be "no change."

Sources: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Table P80a.

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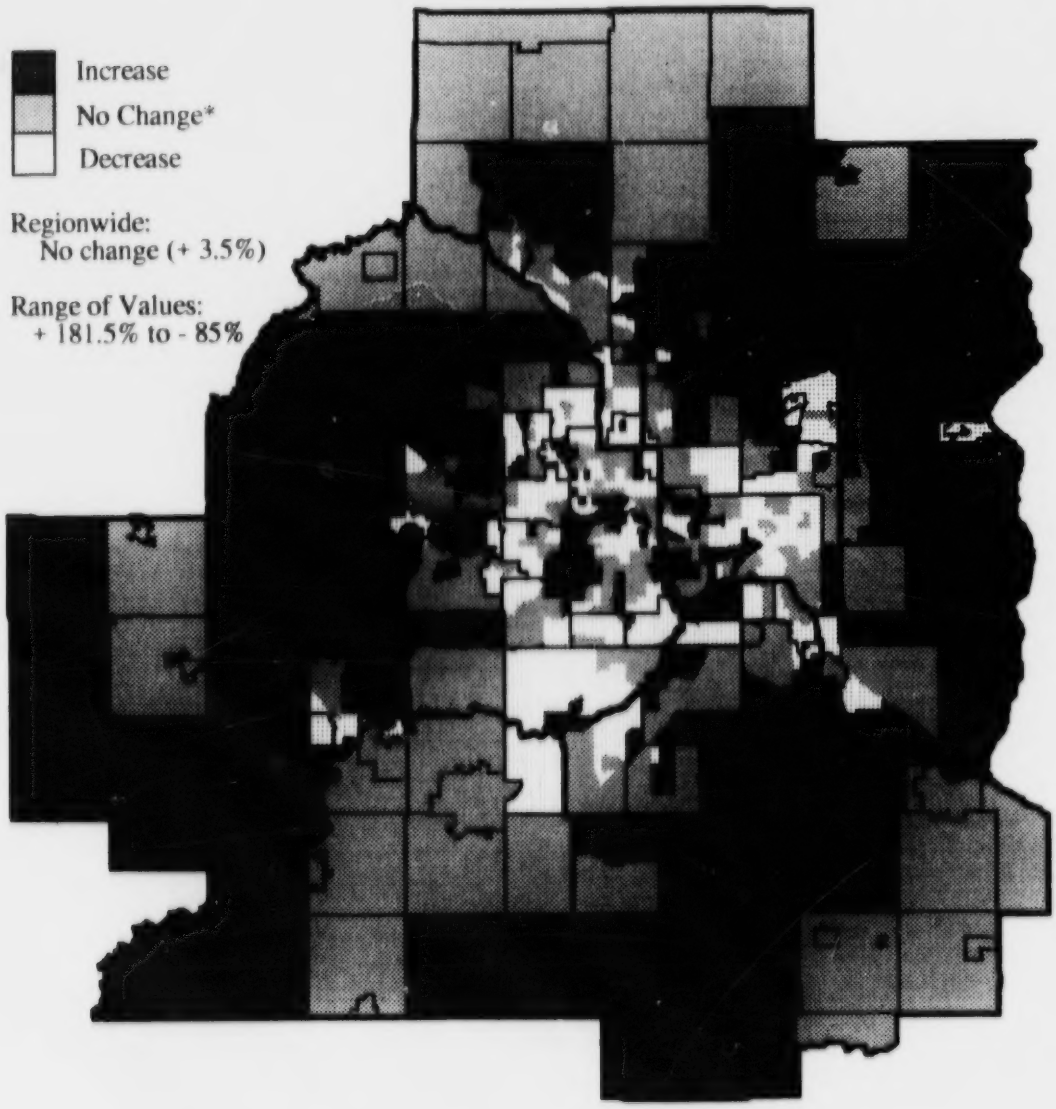
Table 1-5: Change in Median Household Income (MHI) for Top and Bottom Five Counties, 1979–1989

	Percent Change, 1979-1989	Rank (change)	MHI, 1989
Top Five Counties			
Lake of the Woods County	+ 21.5	1	$24,383
Roseau County	+ 13.9	2	25,910
Carver County (high metro county)	+ 12.1	3	39,188
Lincoln County	+ 8.6	4	19,211
Sherburne County	+ 7.2	5	40,798
Twin Cities area	*+ 3.5*	--	*36,785*
Minnesota	**+ 1.9**	--	**30,909**
Ramsey County (low metro county)	*- 0.9*	*48*	*32,043*
Outstate	*- 2.9*	--	*25,248*
Bottom Five Counties			
Mower County	- 14.2	83	23,763
Koochiching County	- 14.4	84	23,411
Saint Louis County	- 18.3	85	24,957
Itasca County	- 18.7	86	22,442
Lake County	- 32.6	87	23,478

Source: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Table P80a.

Age may play a role in the decreases in median household income within many of the first-ring suburbs and in some central-city neighborhoods. Many of the first-ring suburbs were built up during the immediate post-World War II period; the homeowners there are now entering their retirement years, and face the prospect of declining income. These areas are not necessarily going to become poor, however; many retired people own their homes debt-free, so a lower income will not necessarily translate into the serious drop in standard of living that poverty entails. Many inner-city neighborhoods are very young, with large proportions of children, teenagers, and young adults. These people, if they have entered the work force, are at a stage in their lives where their earnings are likely to be low (see next section, Age and Earning Power).

Figure 1-5: Change in Median Household Income, Twin Cities Tracts



*A difference of 5% or less between 1979 and 1989 was considered to be "no change."

Sources: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Table P80a.

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Table 1-6: Change in Median Household Income (MHI) for Top and Bottom Five Tracts, 1979–1989

	Percent Change 1979-1989	Rank (change)	MHI, 1989
Top Five Census Tracts			
Tract 46 (downtown Mpls.)	+ 181.6	1	$28,594
Tract 53 (downtown Mpls.)	+ 119.4	2	27,963
Tract 33 (Near North Side, Mpls.)	+ 86.8	3	20,096
Tract 45 (downtown Mpls.)	+ 66.7	4	19,068
Tract 710.05 (Woodbury)	+ 54.7	5	67,174
Largest increase in St. Paul: Tract 357 (Ramsey Hill)	*+ 30.4*	*12*	*44,120*
Twin Cities area	*+ 3.5*	--	*36,785*
City of Minneapolis	*+ 3.3*	--	*25,324*
City of Saint Paul	*- 3.2*	--	*26,498*
Bottom Five Census Tracts			
Tract 208.02 (Crystal)	- 32.9	534	23,696
Tract 337 (west of State Capitol, Saint Paul)	- 34.2	535	7,153
Tract 21 (Near North Side, Mpls.)	- 34.4	536	15,469
Tract 41 (Near North Side, Mpls.)	- 37.6	537	15,385
Tract 330 (north of State Capitol, Saint Paul)	- 43.0	538	12,759

Source: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Table P80a.

Downtown Minneapolis experienced some of the largest gains in median household income during the 1980s. Much new housing, in the form of middle- and upper-income apartments and condominiums, was built in the downtown area during the 1980s. The new housing attracted higher-income residents, who displaced many of the lower-income residents who had lived in or near downtown previously. The very low levels of median household income in some downtown tracts in 1979 made possible very large increases by 1989. The median household income of tract 46 (see maps of the Twin Cities by census tracts in the

Appendices 3 and 4), in the heart of downtown Minneapolis, increased by 181 percent. This increase was so large in part because the 1979 median income was so low: only $15,700 in 1989 dollars ($9,200 in 1979 dollars).

Very low 1979 median incomes also explain some increases in traditionally poor neighborhoods, such as the Near North Side of Minneapolis. Most of the core poverty areas, however, saw further erosion of their median incomes during the 1980s. Many of the census tracts with the largest decreases in median income were already inpoverished in 1979.

Within the central cities, median household income increased in some traditionally strong neighborhoods, for example, Saint Anthony Park and Highland Park in Saint Paul and the Lakes District in Minneapolis. Other areas, such as Ramsey Hill and Cathedral Hill in Saint Paul, have become fashionable in the past two decades.

Age and Earning Power

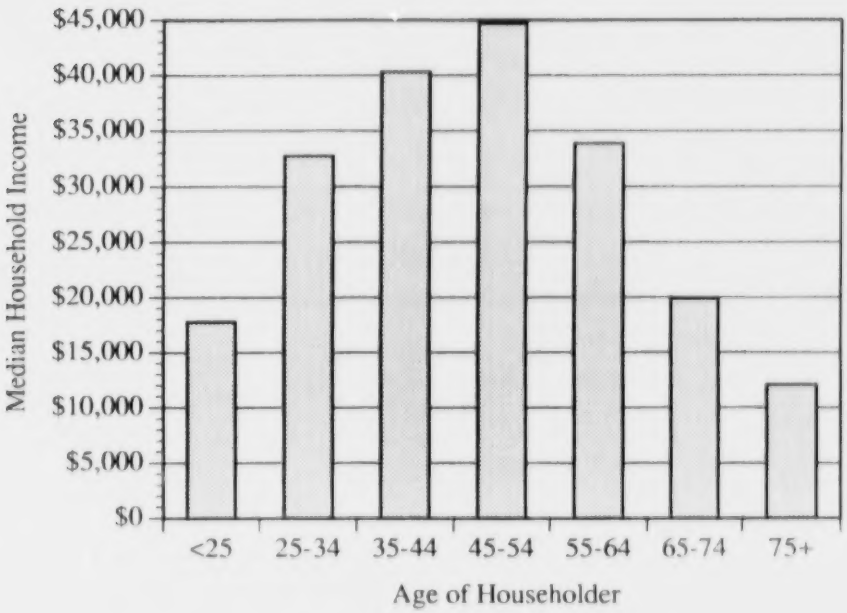
A person's age can play an important indirect role in the earning power of his or her household. The average household's income increases with the age of the householder through that person's late 40s or early 50s (Figure 1-6). After that point, household income typically begins a precipitous decline as the householder enters retirement. Why is this?

A fifty-year-old is, in most cases, in his or her peak earning years. That person has settled long ago into a career and has worked in that career for a decade or more. Increasing seniority is frequently accompanied by promotions and wage or salary increases. In contrast, a twenty-five-year-old, fresh out of college, is just beginning to look for a career, which, in most cases, he or she must enter at the bottom of the pay scale. This person's earning potential is much lower than that of the person with ten to twenty years' experience in one occupation. Households headed by retired persons also have lower incomes on average, because one or more of the adults in the household is no longer working.

A householder in his or her peak earning years may have a working spouse in his or her peak earning years as well. Not surprisingly, two-income households have higher household incomes than one-income households. Older households, moreover, will probably have older children, who will not require a parent to stay home and care for them. Both adults in an older married-couple family, then, can work, further increasing the overall household income.

Working-couple households in their peak earning years also may have children who contribute to the household's overall income (at least on paper). The census defines household income as including all income from all household members, even if some of the money earned does not go into directly supporting the household (for example, if it is used by a teenager to finance a prom date, college tuition, or a used car).

Figure 1-6: Median Household Income by Age of Householder, Minnesota



Source: *1990 Census*, STF-3, Table P86.

The income of households headed by persons over age 55 often declines because of early retirement. The drop in household income, however, does not necessarily translate into poverty in the true sense of the word. By this time in the life cycle, children have usually reached adulthood, finished college (thus ending one common expense for parents), and left home to start separate households of their own. Additionally, the mortgage on the house is often paid off by this time or there may be enough equity to trade down to a smaller house without the need to go into debt to finance it. In all, an older household's expenses are generally lower than those of a young household.

Areas with large numbers of households headed by young persons who are entering the job market tend to have lower median incomes than areas with large numbers of well-established families headed by older persons with many years experience in the labor force (Table 1-7). Areas with large numbers of retired persons will also tend to have low median incomes as well.

Table 1-7: Households by Age of Householder and Median Household Income (MHI) for Selected Twin Cities Tracts, 1989

Census Tract (Location)	MHI (1989)	Percent Change (1979-1989)	Percent of Householders in Each Age Group, 1990			
			15-24 yrs.	25-34 yrs.	35-64 yrs.	65+ yrs.
Young adults, many non-family households						
39 (Dinkytown, Mpls)	$14,564	- 3.3	**51.7**	32.1	9.4	6.9
77 (Uptown, Mpls)	18,701	- 4.4	**23.0**	37.7	30.3	9.0
Young families						
269.05 (Champlin)*	45,070	+ 4.5	4.7	**52.8**	38.9	3.7
607.21 (Eagan)	35,777	+ 14.9	5.3	**50.9**	40.6	3.2
Peak earning years; older families, older children						
239.02 (Edina)	106,608	+ 4.9	1.1	1.1	**89.2**	8.6
710.06 (Woodbury)**	70,749	+ 3.1	1.5	11.7	**80.2**	6.6
Retirees; declining income, declining expenses						
240.01 (Edina)	39,097	- 5.1	0.7	7.4	44.2	**47.8**
213 (Robbinsdale)	24,222	- 7.0	3.6	21.6	34.3	**40.5**

* Tract 269.05 was created from part of 1980 tract 269.04.

** Tract 710.06 was created from part of 1980 tract 710.04.

Note: The tracts which have the highest percent of households headed by persons in this age group of all Twin Cities census tracts in 1990 are shown in **boldface** type.

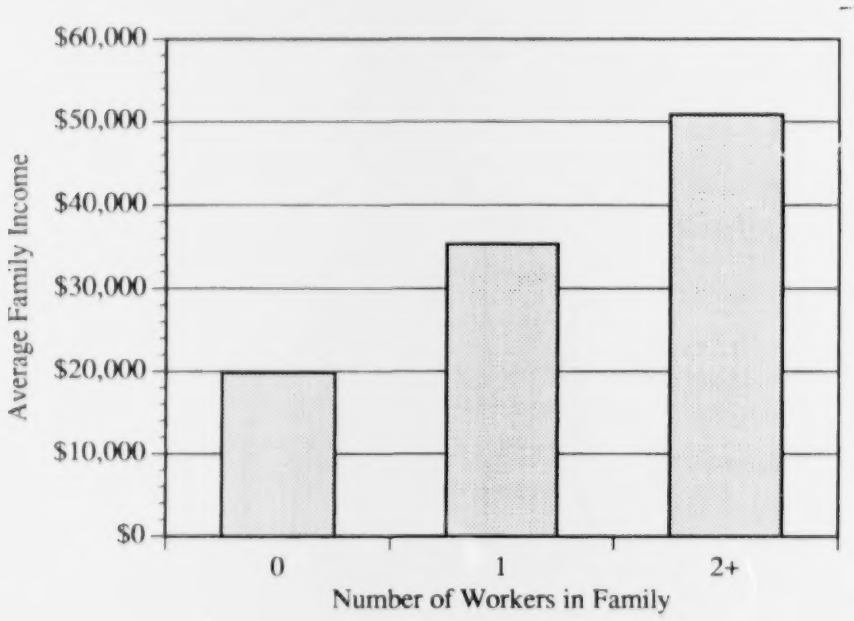
Source: *1980 Census*, STF-3, Table 69; *1990 Census*, STF-3, Tables P24, P80a.

Number of Workers in the Family

In recent decades, the concept of the traditional American family has shifted from one in which one person (usually the husband) works outside the home to one in which both the husband and wife work outside the home. As one would expect, these two-worker families have higher incomes on average than families with one or fewer workers (Figure 1-7). Minnesota had a larger proportion of families with two or more workers than the United States as a whole (Table 1-8). This may be one reason why Minnesota has been able to stay ahead of the nation in terms of median household income. And the Twin Cities are higher yet.

An increase in the proportion of women in the labor force has been the principal force behind the increase in two-worker families. Minnesota's female participation rate increased ahead of the nation over the past three decades (Table 1-9) and was the highest in the nation in 1970. In addition, Minnesota's male participation rate, while unchanged over three decades, has been increasingly ahead of the nation, which declined slightly. The relatively high proportions of two-worker families in this state thus prevented it from experiencing a decline in median income during the 1980s, even as real wages have been dropping.

Figure 1-7: Average Family Income by Number of Workers in Family, Minnesota



Source: *1990 Census*, STF-3, Tables P112, P113.

Table 1-8: Families by Number of Workers in Family for Minnesota, Twin Cities and United States, 1979 and 1989

	Distribution of Workers in Percents			
	0-1 Workers		2 or More Workers	
	1979	1989	1979	1989
Minnesota	**38.9**	**34.1**	**61.1**	**65.9**
Twin Cities area	*34.1*	*31.3*	*65.9*	*68.7*
United States	45.8	41.1	54.2	58.9

Source: *1980 Census*, STF-3, Table 79; *1990 Census*, STF-3, Table P112.

Table 1-9: Change in Male and Female Labor Force Participation Rates* for Minnesota, Twin Cities and United States, 1969, 1979, and 1989 (in percents)

	Percent of Each Gender					
	Males in Labor Force*			Females in Labor Force*		
	1969	1979	1989	1969	1979	1989
Minnesota	**76.7**	**76.5**	**77.2**	**43.5**	**54.0**	**62.5**
Twin Cities area	*81.8*	*81.6*	*81.8*	*48.7*	*60.4*	*67.5*
United States	73.7	73.3	72.8	41.3	49.8	56.6

* Figures are for proportions of persons in *civilian* labor force.

Source: *1970 Census*, Minnesota (Chapter C) Tables 53, 121; *1980 Census*, United States (Chapter C) Table 86, Minnesota (Chapter D) Table 123, Minneapolis-Saint Paul (Tracts) Table P10; *1990 Census*, United States (STF3C) Table P70, Minnesota (Social and Economic Characteristics) Tables 24, 144.

Income Distribution

Did more people become poor during the 1980s? Is the middle class disappearing? The 1990 Census revealed some surprising answers to these questions for Minnesota (Figure 1-8, Table 1-10):

- The proportion of low household incomes (household incomes below $20,000*) declined between 1979 and 1989.
- The proportion of middle incomes (household incomes between $20,000 and $60,000) is virtually unchanged—a decrease less than one percentage point—during the 1980s.
- The proportion of upper incomes (household incomes above $60,000) increased markedly between 1979 and 1989.

These trends occurred both in the Twin Cities and nationwide. The proportions of families in these three broad income categories changed in a similar manner. Most of Minnesota's growth in upper-income households (and, indeed, in all households) was in the Twin Cities area; the proportion of these households increased in the outstate area, but by less than half a percentage point. Overall, outstate Minnesota saw little to no change in all income categories for either household or family income during the 1980s.

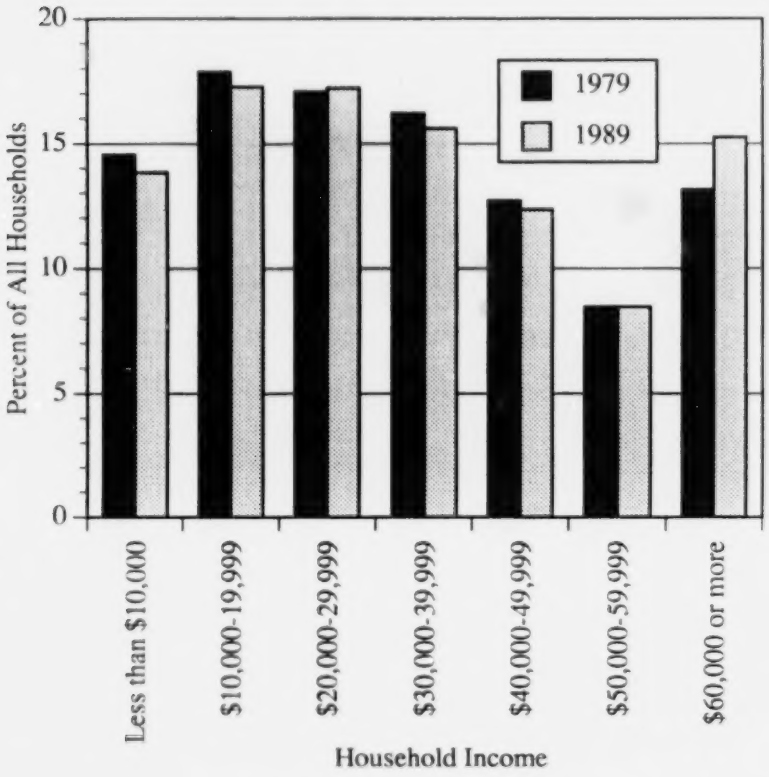
The actual number of both lower- and middle-income households increased during the 1980s (Table 1-10), but not as fast as the total number of households. Households with incomes above $60,000, however, increased at a rate three times that of the total number of households in the Twin Cities. In the outstate area, the rate of increase of lower-income households almost matched that of upper-income households.

Possible Explanations

The notion that we were collectively doing better in 1989 than in 1979 is difficult for many people to accept. There is a widely held perception that the 1980s were a period when the United States became more economically polarized, when the numbers of poor and rich increased, getting their new numbers from the beleagured middle class. It appears, however, that reports of the demise of the middle class have been exaggerated. Where did the perception that we were collectively doing worse come from? What might have caused us to do better than we expected?

* In this chapter we use $20,000 to differentiate between low and middle income. Later we will use $25,000. The major reason for using $20,000 here is because our 1979 comparison is based on multiples of $10,000. The difference in break point has no effect on the conclusions.

Figure 1-8: Change in Distribution of Household Income, Minnesota



Sources: *1980 Census*, STF-3, Table 68; *1990 Census*, STF-3, Table P80.

Table 1-10: Percent of Households in Income Classes for Minnesota, Twin Cities and Outstate, 1979 and 1989

	1979	1989	Change in Percent	Percent Change (abs. #s)*
Minnesota				
Lower income (MHI < $20,000)	32.4	31.1	- 1.3	+ 9.3
Middle income ($20,000 ≤ MHI < $60,000)	54.4	53.6	- 0.8	+ 12.3
Upper income (MHI ≥ $60,000)	13.2	15.3	+ 2.1	+ 32.2
All households	100	100	–	+ 13.9
Twin Cities				
Lower income (MHI < $20,000)	26.0	23.7	- 2.3	+ 10.6
Middle income ($20,000 ≤ MHI < $60,000)	56.1	55.2	- 0.9	+ 19.3
Upper income (MHI ≥ $60,000)	17.9	21.1	+ 3.2	+ 43.0
All households	100	100	–	+ 21.3
Outstate				
Lower income (MHI < $20,000)	38.8	39.5	+ 0.7	+ 8.4
Middle income ($20,000 ≤ MHI < $60,000)	52.8	51.9	- 0.9	+ 4.8
Upper income (MHI ≥ $60,000)	8.4	8.6	+ 0.2	+ 9.4
All households	100	100	–	+ 6.6

* Percent change, absolute numbers of households in income category.

Note: MHI—median household income.

Source: *1980 Census*, STF-3, Table 68; *1990 Census*, STF-3, Table P80.

The first and most obvious explanation is the perception that we were doing worse may be incorrect. The people who were doing poorly (e.g., the recent college graduates of Generation X) may simply have been more vocal about their plight than were the poor who preceded them, or the media may have been paying more attention to those living at the margins. This perception is lent some credence by the fact that the incomes of young people lost substantial ground during the 1980s (Table 1-11). Householders aged 15 through 24 earned 16 percent less in 1989 than they did in 1979, possibly as a consequence of the economic restruc-

turing of the 1980s, which created many low-paying service jobs and cut many traditional, better-paying entry level jobs. For the most part, householders in the middle age groups saw little change in their incomes. In sharp contrast, the elderly (ages 65 and older) gained almost as much income during this period as they young lost. The income of young adults was not transferred directly to the elderly, to be sure, but it appears that transfer payments to the elderly (a combination of pension monies and taxes collected from working folk of all ages across the United States) increased sharply during the 1980s.

Table 1-11: Median Household Income by Age of Householder in Minnesota, 1979 and 1989

	Median Household Income*		
Age of Householder	1979	1989	Percent Change
Under 25 years	$21,200	$17,800	- 16.2
25-34 years	33,100	32,700	- 1.1
35-44 years	41,500	40,300	- 2.8
45-54 years	44,700	44,700	0
55-64 years	33,800	33,800	0
65+ years	13,500	15,700	+ 16.3

* Medians were estimated from household income distributions; all figures rounded to the nearest $100.

Source: *1980 Census*, Chapter D, Minnesota, Table 244; *1990 Census*, STF-3, Table P86.

It may be that people were working harder in 1990 than they were in 1980. Many people suspect this statement to be true, based on the evidence of their own lives; the census, however, can only provide a few numbers to support it. More people were in the labor force than ever before (Tables 1-8 and 1-9). More families had two or more workers; many of these new workers were women. If harder work was the reason we were not worse off, then there is not much more potential for growth by the year 2000. Eventually, the labor force will not be able to take any more new additions; already the male labor force participation rate has been stagnant for three decades (Table 1-9). Once the female participation rate catches up to that for males, growth from this source will probably cease.

The demographics of the baby boom may also explain why were doing better than we expected. The boomers began to enter their peak earning years (the 30s and early 40s—Figure 1-6) during the 1980s. The baby boomers are a large enough cohort that they can drag the median income of Minnesota and the United States up with them as they age.

Another possible explanation is that young people delayed forming new households. More people were staying at home or living together as roommates, while fewer were marrying and starting new family households or living alone (Table 1-12). These larger households of unrelated people living together as roommates have a higher overall household income; the Census Bureau calculates household income by adding together all the separate incomes of each person living in the household, whether they are related or not. For example, two unrelated roommates with incomes of $20,000 each will have a household income of $40,000, instead of two separate household incomes of $20,000 each. The smaller number of households with higher overall household incomes, then, has helped push up the median household income for Minnesota.

Table 1-12: Living Arrangements of Young Adults, Percent Distribution in 1980 and 1990

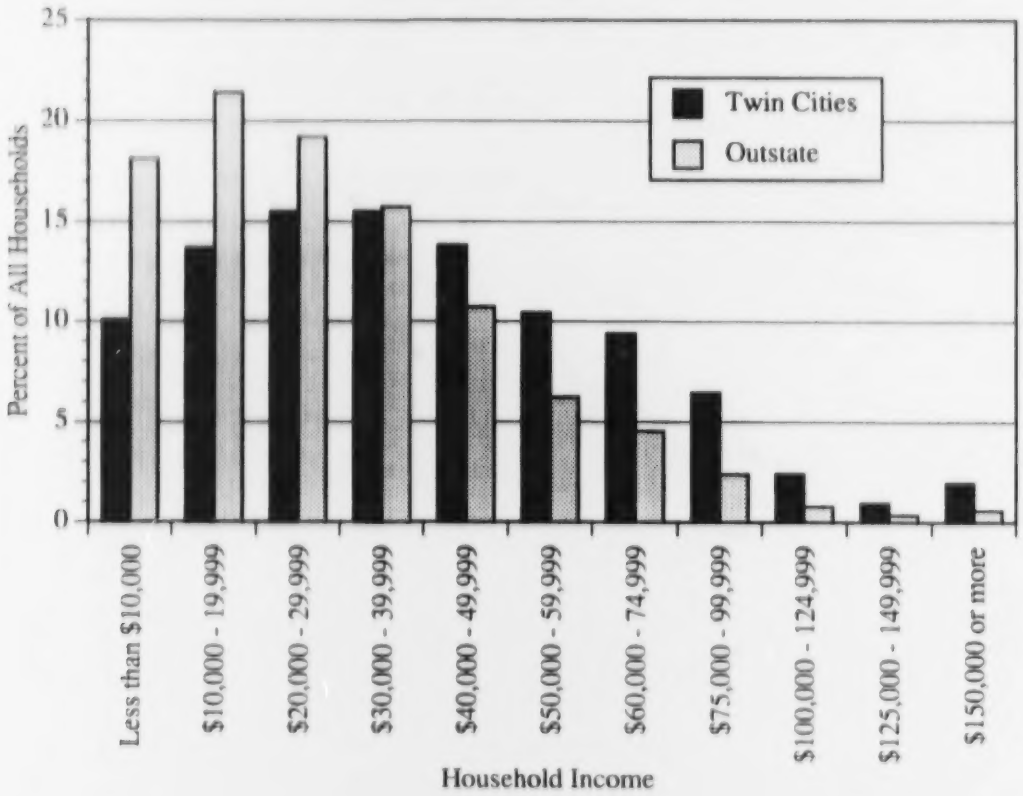
	Age		
	20-24 Years	25-29 Years	30-34 Years
Family head or spouse			
1980	38.7	68.7	82.5
1990	25.0	58.7	74.3
difference	-13.7	-10.0	-8.2
Living alone			
1980	9.4	11.2	8.4
1990	7.4	10.5	10.0
difference	-2.0	-0.7	+1.6
Living with roommate			
1980	23.2	12.4	5.6
1990	30.3	18.0	9.7
difference	+7.1	+5.6	+4.1
Have not left home			
1980	28.8	7.7	3.5
1990	37.4	12.8	6.0
difference	+8.6	+5.1	+2.1

Source: *1990 Census*, STF-3, Table P80.

Twin Cities—Outstate Differences

The distribution of household income in the Twin Cities was very different from that in the outstate area. Outstate Minnesota had a much larger proportion of low-income households (under $20,000) and a much smaller proportion of upper-income ($60,000 or more) households than the Twin Cities metropolitan area (Figure 1-9, Table 1-10).

Figure 1-9: Distribution of Household Income, Twin Cities vs. Outstate



Source: *1990 Census*, STF-3, Table P80.

The proportions of Twin Cities and outstate households with incomes in the middle range ($20-60,000) were approximately the same, but the distributions of incomes within this middle-income group for the two areas were markedly different. In the outstate area, the middle-income subcategory with the most households was the $20,000 to $29,999 range. In the Twin Cities, in contrast, the middle income group had a more normal distribution; the proportion of households increased from the lower to middle incomes, with a peak in the $30,000 to $39,999 range.

Summary

Minnesota was doing a little better in terms of income in 1990 than it was in 1980, almost entirely due to the strong Twin Cities economy. Minnesota's status in relation to the rest of the nation, however, slipped during the 1980s, although it did not slip as much as it might have. One reason why we did not slip much in our national ranking for income is that more Minnesotans were working; in essence, Minnesotans were working harder to stay in the same place. More of us (the baby boomers) grew older and began to reap the pecuniary benefits of age; Minnesota's and the nation's median income were surely bumped up by this demographic effect. The 1980s were not kind to young people; those entering the job market earned considerably less in 1990 than they did in 1980. As a result, young people were more tentative about starting off on their own; many lived with roommates instead of taking the plunge and either getting married or getting a place of their own. The delayed formation of young households helped to mask the effects of lower entry-level incomes on the overall median income for the state. As we shall see in Part III, however, the number of people below the poverty level increased, even as the proportion of households with lower incomes decreased, a curious situation explained in part by the difference in the way the Census Bureau calculates household income as opposed to poverty level. Were we better off in 1990 than we were in 1980? It appears so, although our improved position was a product partly of definitional smoke and mirrors, partly of harder work, and partly of the beneficial effects of age. Perhaps when one considers *how* we got better, we may not appear to be doing so well after all.

Part II: Income Sources

Introduction: The Income Mix

Household and family income can come from many sources. The 1990 Census asked respondents to provide information on the income they received in 1989 from eight different sources (the seven listed in Table 2-1 plus the catch-all category "Other"), one more than in the 1980 Census. For each geographic area, the 1990 Census reported two figures: first, the number of households receiving any amount of income by source, and second, the aggregate dollar amount of that income type received by all households in that area. Through most of this chapter, we will use the latter measurement, the total dollar amount, as a proportion of all income received in an area.

Wage and salary dominate the stream of income flowing to most areas of the state. But variations in this dominance explain much about median income levels across the state. Likewise, variations in other sources of income explain much about people living in various parts of the state and within the metropolitan area—giving insight into their capacity to increase their incomes. In this chapter we explore some of these variations.

Notes on Income Type Data

Data on the proportions of different types of income received can provide useful clues about the demography of or economic activity in a particular area. For example, a higher-than-average level of retirement or Social Security income in a county may indicate a large number of retired elderly persons. Similarly, a high proportion of interest, dividend, and rental income in an area may indicate either that the area is wealthy and receives much income from investing, or, in rural areas, that there is an active land rental market.

Data on income types have several limitations *which reduce their usefulness:*

First, the faulty memories or records of census respondents. As the census' own technical documentation warns, many people who complete census questionnaires rely on memory rather than on written records. In the case of 1989 income, respondents had to attempt to remember all the income they received for the entire previous year, and then match it to eight categories generated by the Census Bureau. It should not be a surprise that many people guessed about amounts, included certain income in the wrong categories, or did not categorize their income at all. The timing of the census (fifteen days before the deadline for income tax returns) did help; many people probably used their income tax records to answer at least some of the census' questions.

Second, summarization by the Census Bureau. The Census Bureau only reports data on income types in very generalized form: an aggregate amount and a total number of households receiving any amount of that type of income. An investor who received $150,000 from dividends and rental income, therefore, is not distinguished from the 20-year-old college student who got $10.50 in interest from a passbook savings account.

Third, non-comparability with other sources. Income data collected by the census differs from that collected by the Internal Revenue Service, the Social Security Administration, or the Bureau of Economic Analysis. The census technical documentation has more information on differences among these sources.

Fourth, non-cash income is not reported. Examples of such income include food stamps, gifts from relatives, and job prerequisites such as free parking and medical insurance. Such income is not reported in the census, so census income figures understate resources available to families and households.

Statewide Patterns

The proportions of types of income received did not change significantly between 1979 and 1989 in Minnesota (Tables 2-1[*] and 2-2). The most notable aspects of Minnesota's income mix are:

- *The importance of wage and salary income.* Three-quarters of the state's household income comes from wages and salaries earned by people working for a living.
- *The relative stability of the income mix.* No income type gained or lost more than one percentage point in terms of its proportion of the total. In particular, the proportion of public assistance income received was unchanged between 1979 and 1989, despite widespread public perceptions to the contrary. The total absolute amount of public assistance income, to be sure, increased between 1979 and 1989, but this was a result of the increase in the overall population. The proportion of households receiving public assistance income did not increase significantly during the 1980s.
- *The decline in importance of farm income.* Although Minnesota is traditionally considered to be an agricultural state, farm earnings provide only a tiny proportion of the state's total household income. This proportion declined sharply, from 2.7 percent of all state income in 1979 to 1.7 percent in 1989, a drop of over a third. Similarly, the total dollar amount of farm income earned in Minnesota decreased by a one-quarter between 1979 and 1989 (Table 2-2). Neither year saw exceptional weather or farm prices. It appears that Minnesota's farm sector is shrinking.

The remainder of this chapter will examine the geographic distribution and differences of some of these income sources.

[*] The percentages in Table 2-1 may not add up to 100.0 due to rounding. This same caveat applies to other tables in the report.

Table 2-1: Percent Distribution of Income Sources for Twin Cities, Outstate and Minnesota, 1979 and 1989

	Twin Cities		Outstate		Minnesota	
Type of Income	1979	1989	1979	1989	1979	1989
Wage and salary	81.7	80.4	69.4	69.5	76.5	76.3
Interest, dividend, net rental	5.4	6.4	6.4	7.2	5.9	6.7
Non-farm self-employment	5.0	5.2	6.7	6.2	5.7	5.6
Social Security	3.7	3.7	6.7	7.6	5.0	5.2
Retirement/other	3.2	3.5	4.0	4.5	3.6	3.9
Farm self-employment	0.3	0.2	6.0	4.1	2.7	1.7
Public assistance	0.6	0.6	0.8	0.9	0.7	0.7
TOTAL	100	100	100	100	100	100

Source: *1980 Census*, STF-3, Table 72; *1990 Census*, STF-3, Tables P98-105.

Table 2-2: Sources of 1989 Income for Twin Cities and Outstate, and Change Since 1979

	Aggregate Income, 1989 (millions $)		Percent Change, Aggregate Income, 1979-89		Percent of State Income Received in Twin Cities Area	
Type of Income	Twin Cities	Out-State	Twin Cities	Out-State	1989	Change in Percent 1979-89
Wage and salary	$31,216	$16,230	+ 29.9	+ 7.1	65.8	+ 4.5
Farm self-employment	75	961	- 22.4	- 26.1	7.3	+ 0.3
Non-farm self-employment	2,021	1,441	+ 38.2	- 1.0	58.4	+ 8.3
Interest, dividend, net rental	2,496	1,689	+ 56.6	+ 20.1	59.7	+ 6.6
Social Security	1,437	1,781	+ 33.1	+ 21.7	44.7	+ 2.2
Public assistance	231	203	+ 23.0	+ 23.6	53.2	0
Retirement/other	1,356	1,047	+ 43.3	+ 19.0	56.4	+ 4.6
All income	38,834	23,356	+ 32.1	+ 7.0	62.4	+ 5.0

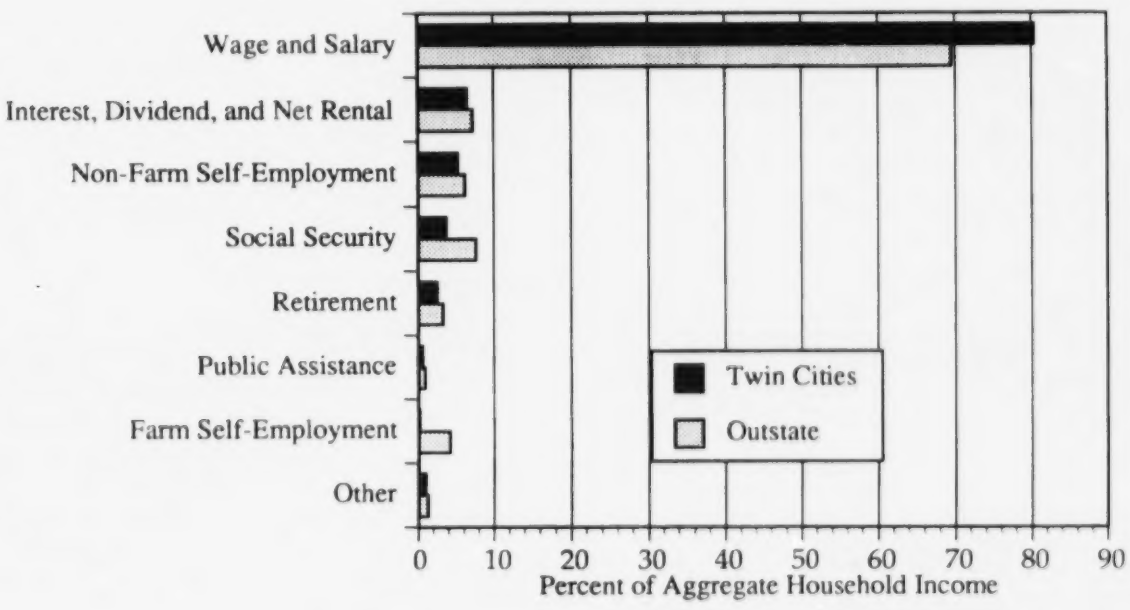
Source: *1980 Census*, STF-3, Table 72; *1990 Census*, STF-3, Tables P98-105.

Twin Cities–Outstate Differences

Wage and salary income was a larger part of the Twin Cities income mix than it was of the outstate mix (Figure 2-1, Table 2-1). To compensate, the outstate area received higher proportions of all other income types than the Twin Cities. In particular, the outstate area received a larger proportion of its total household income from agriculture (not surprisingly) and from retirement and Social Security income. This latter difference is indicative of the relatively older population living in outstate Minnesota.

Twin Cities households received the majority of all state income (Table 2-2, right two columns). The outstate share of aggregate household income and of most income types had declined since 1979; its share of aggregate household income dropped from 43 percent to 38 percent, a decline of five percentage points. This change is a result of relative loss to the Twin Cities both in population and in income per capita.

Figure 2-1: Income Sources: Twin Cities vs. Outstate



Source: *1990 Census*, STF-3, Tables P98 through P105.

Slightly over half of all Minnesotans lived in the Twin Cities area, so it is no surprise that the Twin Cities had a slightly larger share of most income types than the outstate area, especially since the outstate area received such a large share of the state's farm income. The Twin Cities had a much larger share of wage and salary income, however, and a much smaller share of Social Security income than the outstate area. The disproportionately large share of wage and salary income reflected the larger number of and better paying jobs available in the Twin Cities. The large share of statewide Social Security income held by the outstate area reflected the older outstate population, where some entire counties have median ages above 40 and some rural townships have median ages above 50.

In the remainder of this chapter we explore these geographic variations in more detail for some of these income sources.

Wage and Salary Income

Distribution Statewide

Although wage and salary income comprised the vast majority of Minnesota's aggregate household income, the proportion of this income type varied considerably across the state and within the Twin Cities area. The metropolitan counties had the highest proportion of aggregate household income from wages and salaries (Table 2-3a); the agricultural counties of extreme western Minnesota gained the lowest proportion. The counties receiving the smallest proportion of their total income from wages and salaries made up for the deficit of wage- or salary-earning jobs by earning substantially higher proportions of farm and other income types (Table 2-3b).

Relationship between Median Household Income and Wage/Salary Income

Minnesota counties that relied most heavily on wage and salary income had much higher median household incomes than those which received a lower proportion of their aggregate household income from wages and salaries (Table 2-3a). At the county level, median household income was strongly and positively correlated ($r = 0.80$) to wage and salary income as a proportion of aggregate household income. This may be because wage and salary income is typically more regular and reliable than most other forms of income. Counties that receive most of their household income from wages and salaries may have had more and/or better jobs in the local area. For example, Anoka County, in the Twin Cities area, had more and higher-paying jobs within commuting distance than did Traverse County in extreme western Minnesota. At the county level, then, the wage/salary proportion can serve as a good barometer of economic welfare and job availability. Data collected at the county level, however, hides local variations that would be revealed by data collected at a finer geographic resolution (e.g., at the census tract level). A county total is a sort of average of the towns and townships from which it is composed. Local variations can be particularly significant in densely populated metropolitan areas like the Twin Cities counties.

Table 2-3a: Wage and Salary as a Percent of Aggregate Income for Five Top and Bottom Counties in Minnesota, 1989

County	Percent of all Income	Rank	Median Household Income	Rank (Among 87 Counties)
Top Five Counties				
Anoka	86.4	1	$40,076	4
Dakota	84.6	2	42,218	2
Washington	83.6	3	44,122	1
Scott	82.0	4	40,798	3
Olmsted	81.4	5	35,789	6
Bottom Five Counties				
Grant	50.4	83	19,773	78
Lac Qui Parle	50.3	84	21,646	66
Lincoln	49.7	85	19,211	80
Murray	48.7	86	22,673	51
Traverse	48.2	87	20,746	73

Source: *1990 Census*, STF-3, Tables P80a, P84, P98.

Table 2-3b: Source of Income as a Percent of Aggregate Income Received for Five Bottom Counties Noted in Table 2-3a, 1989

Type of Income	Grant	Lac Qui Parle	Lincoln	Murray	Traverse	Minnesota
Wage and salary	50.4	50.3	49.7	48.7	48.2	76.3
Interest, dividend, net rental	10.7	15.7	10.2	12.0	9.6	6.7
Non-farm self-employment	10.1	5.9	9.9	7.4	10.2	5.6
Social Security	11.7	10.8	10.9	9.8	11.6	5.2
Retirement/other	3.9	3.7	3.4	3.4	3.9	3.9
Farm self-employment	12.4	13.0	14.7	18.0	15.2	1.7
Public assistance	0.8	0.6	1.1	0.8	1.3	0.7
TOTAL	100	100	100	100	100	100

Source: *1990 Census*, STF-3, Tables P98-105.

Distribution in the Twin Cities

In the Twin Cities metropolitan area, most of the census tracts with high proportions of wage and salary income were located in the suburbs (Table 2-4a); in terms of proportion of wage and salary income, 9 of the top 10, 49 of the top 50, and 96 of the top 100 census tracts were located in the suburbs of Minneapolis and Saint Paul. This means that persons in the central cities relied more on other types of income for their livelihood. These included public assistance, Social Security, and retirement. Almost all of the census tracts in the top ten for these categories were inside the cities of Minneapolis or Saint Paul, and typically were near the downtown areas as well. Many of these tracts were also located in the bone-shaped area of low median household incomes (Figure 1-3) shown earlier.

Table 2-4a: Wage and Salary as a Percent of Aggregate Income for Five Top and Bottom Twin Cities Tracts, 1989*

Census Tract (Location)	Percent of all Income	Rank	MHI	Rank
Top Five Census Tracts				
Tract 265.06 (Plymouth)	94.4	1	$59,623	28
Tract 43 (downtown Minneapolis)	94.3	2	10,302	588
Tract 408.02 (Arden Hills)	93.9	3	23,092	501
Tract 269.05 (Champlin)	93.3	4	45,070	146
Tract 710.08 (Woodbury)	93.0	5	58,491	31
Bottom Five Census Tracts				
Tract 61 (Phillips, Minneapolis)	52.4	594	7,222	594
Tract 337 (Summit-Univ. Aves., St. Paul)	52.2	595	7,153	595
Tract 34 (Near North Side, Minneapolis)	49.3	596	6,063	597
Tract 60 (Phillips, Minneapolis)	46.8	597	15,013	568
Tract 329 (Rice-Jackson, Saint Paul)	32.0	598	7,061	596

* Some census tracts with unusually low numbers of households are excluded from this list.

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P80a, P84, P98.

The five census tracts that received the lowest proportions of their aggregate income from wages and salaries were all poor, with median household incomes below half of the metropolitan median. But they are quite mixed in other ways, especially their income sources (Table 2-4b). Tracts 34, in the Near North Side of Minneapolis, and 329, which includes the Mount Airy Homes north of the State Capitol in Saint Paul, were the poorest in the Twin Cities area. (See maps of the Twin Cities by census tracts in Appendices 3 and 4.) Both received high proportions—over a third—of their total aggregate income from public assistance. Tract 329 also was unusually dependent upon Social Security income, indicating that its population was a mixture of poor and elderly, while tract 34 was principally just poor. Tract 60 was an unusual case: it was the site of a large private retirement community. Besides the usual high proportions of Social Security and retirement income available to retired people, this community has an unusually high proportion of income from interest, dividends, and rentals—an indication that they saved well for their returement. Tracts 337 and 61 had mixtures of poor and elderly persons.

Table 2-4b: Source of Income as a Percent of Aggregate Income for Five Bottom Tracts Noted in Table 2-4a, 1989

	Tract 61	Tract 337	Tract 34	Tract 60	Tract 329	Twin Cities
Wage and salary	52.4	52.2	49.3	46.8	32.0	80.4
Interest, dividend, net rental	5.8	2.1	–	19.0	1.0	6.4
Non-farm self-employment	2.9	7.6	0.2	1.7	2.2	5.2
Social Security	16.0	18.4	6.5	16.6	22.3	3.7
Retirement/other	4.4	8.1	8.4	10.3	8.7	3.5
Farm self-employment	–	–	–	–	–	0.2
Public assistance	18.6	11.7	35.6	5.6	33.9	0.6
TOTAL	100	100	100	100	100	100

Source: *1990 Census*, STF-3, Tables P98-105.

Interest, Dividend, and Net Rental Income

Many households receive interest, dividend, or rental income, even though the household members may not be big investors or stock market players. Interest on a savings account, dividends from an employee stock ownership program (ESOP), or rent collected for a garage or a room in the house all fall within this category. In 1989, almost 50 percent of all Minnesota households received at least some interest, dividend, or net rental income, a slight decline from 1979. The dollar amount of income received, however, increased substantially: over 50 percent (after adjustment for inflation) for the Twin Cities area and over 20 percent for the outstate area (Table 2-1).

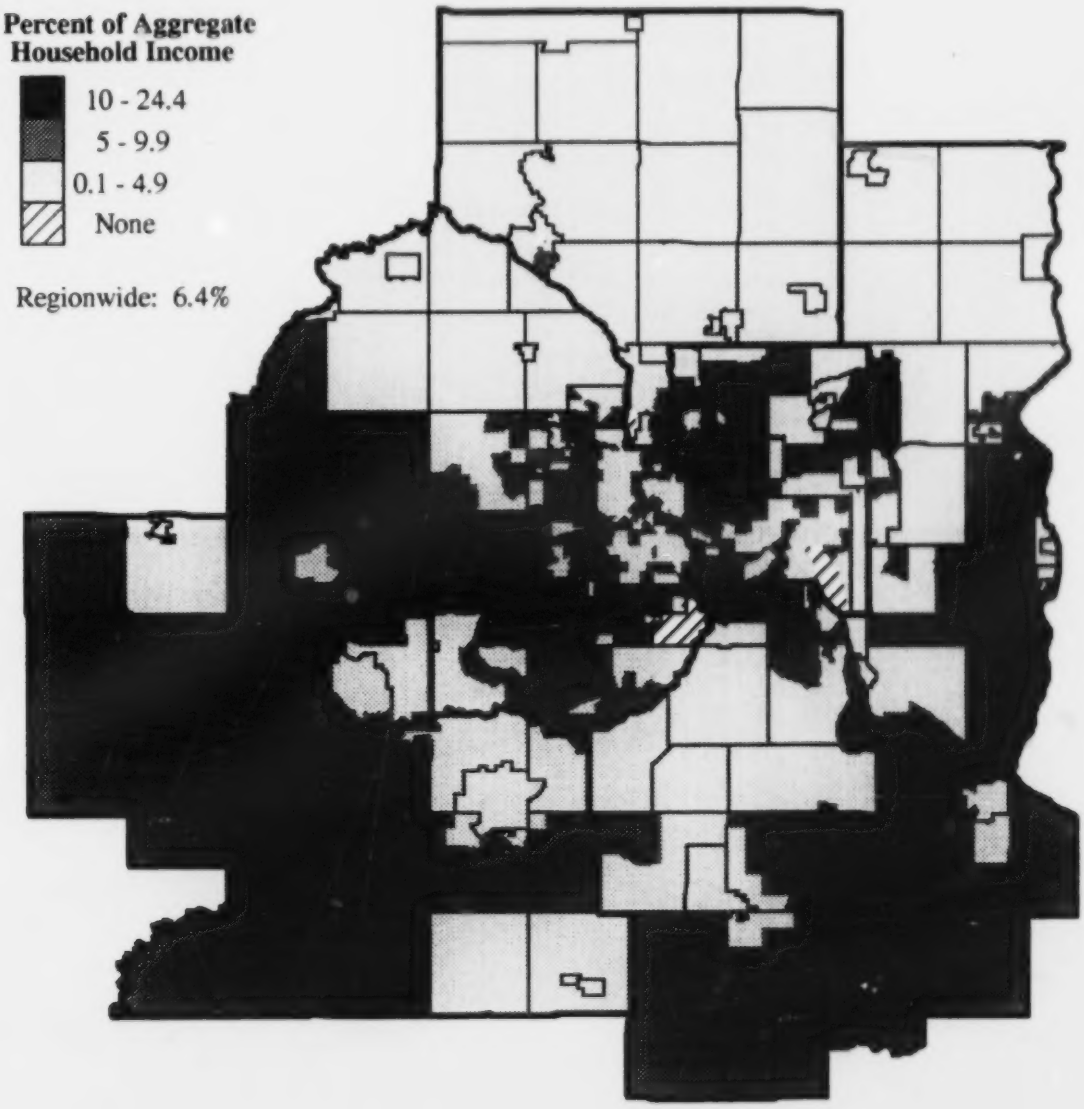
The sheer breadth of this category limits its usefulness somewhat; one cannot use the census to distinguish stock market investments from rents charged for farmland or even small savings accounts that earn interest. We can, however, make some assumptions based on geography. In rural agricultural areas, for example, renting farmland is likely to be more important than stock market dividends.

Distribution in the Twin Cities

In the Twin Cities area, 6.4 percent of all income came from interest, dividends, and rents, an increase (in 1989 dollars) of 57 percent over 1979. Several areas stood out as receiving high proportions of their total income from interest, dividends, and rents (Figure 2-2). Most of the census tracts with the highest proportions from this income source were located in wealthy suburbs (Table 2-5). The data seems to support the saying that "it takes money to make money."

A second group of tracts earning higher-than-average proportions of their incomes from this source were located in a semicircle to the west and south of the built-up area of the Twin Cities (Figure 2-2). These tracts did not have particularly high median incomes (Figure 1-3). Since these are still primarily agricultural areas, many households here might have been receiving income from renting farmland to other farmers (a common practice elsewhere in Minnesota).

Figure 2-2: Interest, Dividend, and Net Rental Income, Twin Cities Tracts



Source: *1990 Census*, STF-3, Tables P101 and P98 through P105.

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Table 2-5: Interest, Dividend, and Net Rental Income as a Percent of Aggregate Income for Ten Top Twin Cities Tracts, 1989

Census Tract (Location)	Percent of all Income	Rank	MHI
Tract 239.02 (southwest Edina)	24.4	1	$106,608
Tract 707.02 (Bayport)	24.0	2	36,150
Tract 601.03 (West Saint Paul)	22.2	3	42,125
Tract 240.01 (southeast Edina)	20.5	4	39,097
Tract 375 (Highland Park, Saint Paul)	20.3	5	45,787
Tract 235.01 (north Edina)	19.3	6	37,826
Tract 60 (Phillips, Minneapolis)	19.0	7	15,013
Tract 274 (Deephaven)	18.3	8	61,505
Tract 606.01 (Lilydale)	17.8	9	61,274
Tract 239.03 (south Edina)	17.8	10	72,526

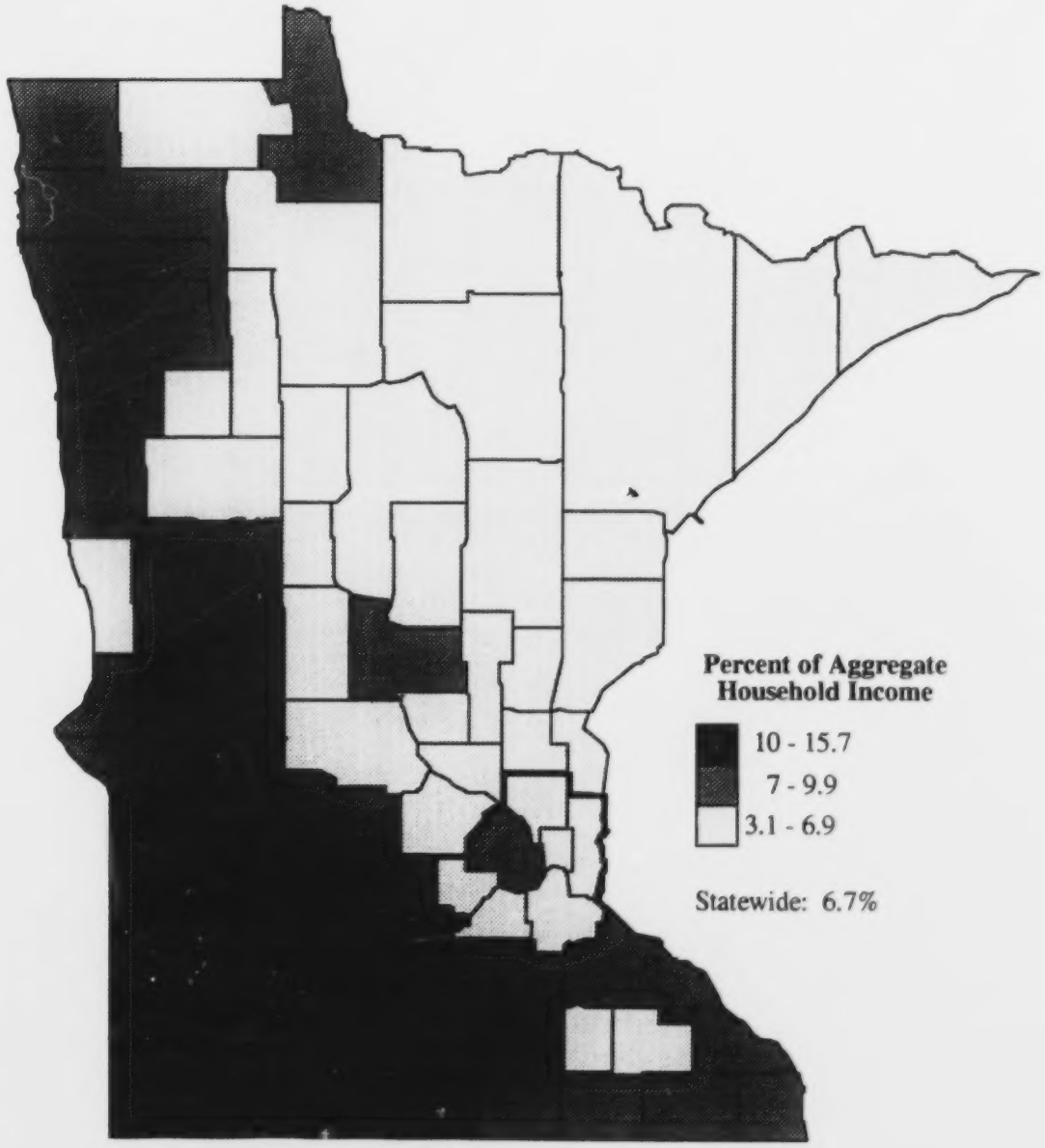
Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P80a, P84, P101.

Distribution Statewide

Minnesota depended on interest, dividends, and rents for almost 7 percent of its aggregate household income. Counties with high proportions of interest, dividend, and net rental income were clustered in the southern and southwestern portions of the state, in the heart of Minnesota's agricultural region (Figure 2-3 and Table 2-6). It is likely that their income in this category came from renting farmland to other farmers, as seems to be the case in the exurban areas around the Twin Cities. Most of these counties had median household incomes below $25,000 (Figure 1-2) and received a relatively small proportion of their total household income from wages and salaries (Table 2-6). Therefore, this income type was relatively more important in these counties because income from all other sources was low.

Figure 2-3: Interest, Dividend, and Net Rental Income, Minnesota Counties



Source: *1990 Census*, STF-3, Tables P101 and P98 through P105.

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Table 2-6: Interest, Dividend, and Net Rental Income as a Percent of Aggregate Income for Five Top Counties in Minnesota, 1989

County	Percent of all Income	Rank	Percent Received from Wage/Salaries	MHI
Lac Qui Parle	15.7	1	50.3	$21,646
Rock	13.6	2	55.3	24,483
Faribault	12.8	3	54.9	22,421
Redwood	12.3	4	55.8	22,827
Renville	12.0	5	54.9	23,278

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P80a, P84, P101.

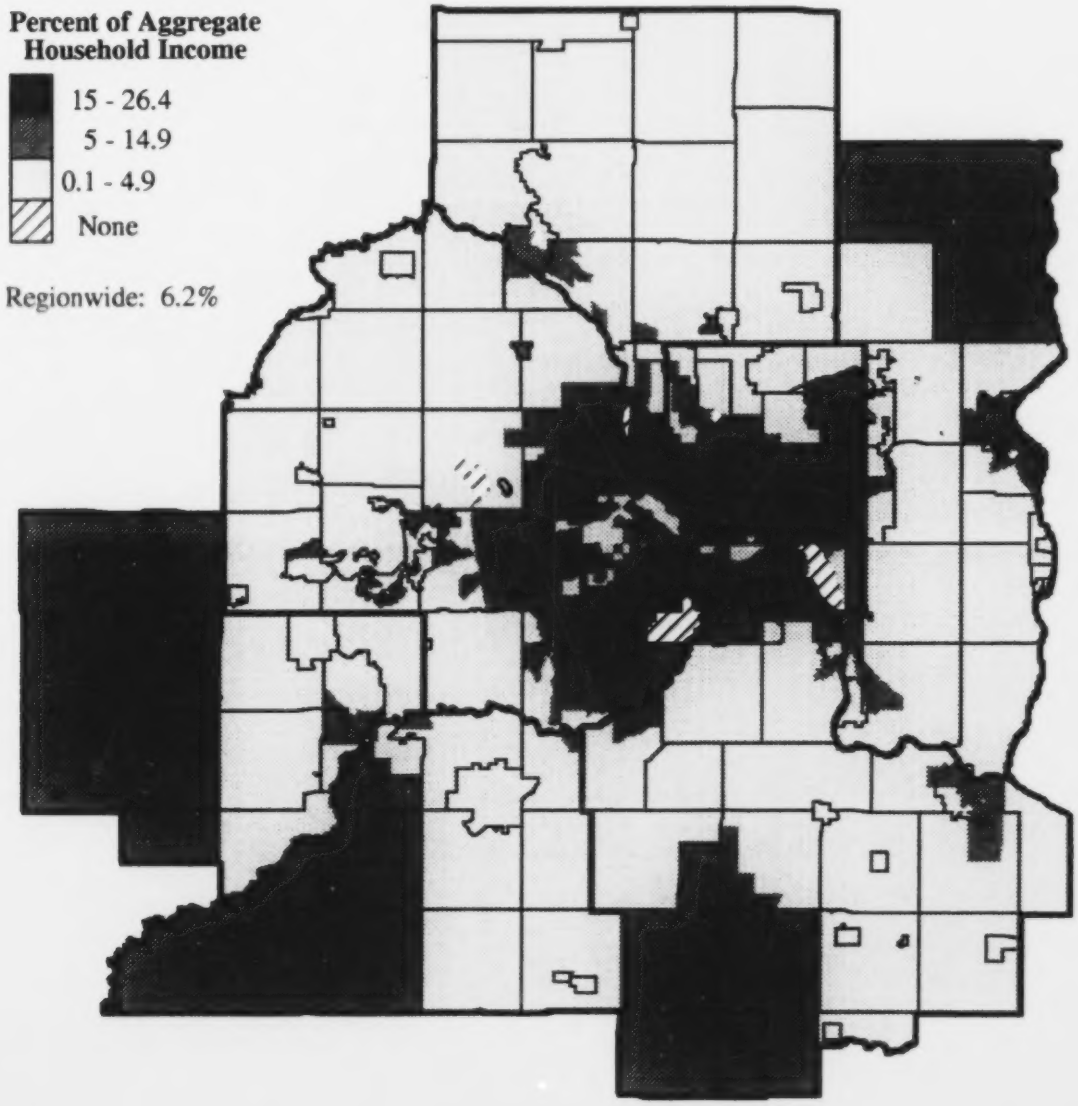
Social Security and Retirement Income

Social Security and retirement income, the two income types most commonly received by elderly persons, increased in importance during the 1980s in Minnesota (Table 2-7). Both the outstate and Twin Cities areas saw slight increases in these two income types as a proportion of aggregate household income. Although the magnitude of the change was relatively small, it may be an indication of the gradual aging of Minnesota's population (particularly in the outstate area).

Distribution in the Twin Cities

Social Security and retirement income was concentrated in a few areas in the center and at the periphery of the central cities (Figure 2-4 and Table 2-8). Several very poor areas near the Minneapolis and Saint Paul central business districts received a large proportion (20 percent or more) of their aggregate income from these two income types and had high proportions of elderly persons. Some older neighborhoods along the edges of the central cities (e.g., Richfield, Northeast Minneapolis/Saint Anthony, and East Saint Paul) also had high proportions of both elderly persons and of these two income types.

Figure 2-4: Social Security and Retirement Income, Twin Cities Tracts



Source: *1990 Census*, STF-3, Tables P102 and P98 through P105.

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Table 2-7: Social Security and Retirement Income and Persons Age 65 and Older, 1979 and 1989

	Social Security and Retirement Income as a Percent of Aggregate Income			Percent of Persons Age 65 and Older		
	1989	1979*	Change in Percent	1989	1979	Change in Percent
Minnesota	**8.0**	**7.5**	**+ 0.5**	**12.5**	**11.8**	**+ 0.7**
Twin Cities area	6.2	6.0	+ 0.2	9.8	9.5	+ 0.3
Outstate	10.9	9.6	+ 1.3	15.4	13.9	+ 1.5

* These figures are estimates. Retirement income was part of "other income" in the 1980 Census. In 1989, retirement income alone comprised 72 percent of the sum of retirement and other income. These figures assume the same ratio as in 1979.

Source: *1980 Census*, STF-3, Tables 15, 70, 72; *1990 Census*, STF-3, Tables P13, P84, P102, P104, P105.

Table 2-8: Social Security and Retirement Income as a Percent of Aggregate Income for Ten Top Twin Cities Tracts, 1989

Census Tract (Location)	Percent of all Income	Rank	MHI	Percent of Persons Age 65 and Older
Tract 329 (Rice-Jackson, Saint Paul)	26.4	1	$ 7,061	12.8
Tract 60 (Phillips, Minneapolis)	25.1	2	15,013	25.8
Tract 330 (Railroad Island, Saint Paul)	25.1	3	12,759	15.4
Tract 58 (Stevens Square, Minneapolis)	22.5	4	8,816	19.7
Tract 328 (Rice Street, Saint Paul)	20.5	5	14,643	16.1
Tract 337 (Summit-University, St. Paul)	20.3	6	7,153	14.6
Tract 368 (West 7th Street, Saint Paul)	19.5	7	21,346	18.1
Tract 201.02 (Saint Anthony)	19.4	8	30,485	35.0
Tract 244 (Richfield)	18.8	9	24,403	29.0
Tract 17 (northeast Minneapolis)	18.5	10	21,962	13.2

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P13, P80a, P84, P102, P104.

Within the central cities, several neighborhoods received a relatively low proportion of their aggregate income from Social Security or retirement. These include the area around the University of Minnesota (with many young people), the upper income Lake District of Minneapolis, and the Ramsey Hill-Grand Avenue area of Saint Paul.

On a larger scale, high levels of Social Security and retirement income were concentrated in two distinct areas: the central cities and first-ring suburbs and the remote exurban (agricultural) areas. Separating these two areas is a broad ring of second- and third-ring suburbs built within the past 20 to 30 years and settled predominantly by younger, working-age persons. Social Security and retirement income were of above-average importance in some areas with relatively high median incomes, such as Edina, Minnetonka, southern Bloomington, parts of South Minneapolis, or the Highland Park and Saint Anthony Park neighborhoods in Saint Paul. Although many places that were particularly dependent upon Social Security and retirement income were poor, a high dependence on Social Security and retirement income is a better indicator of the age of the population than of poverty.

Relationship between Age and Income

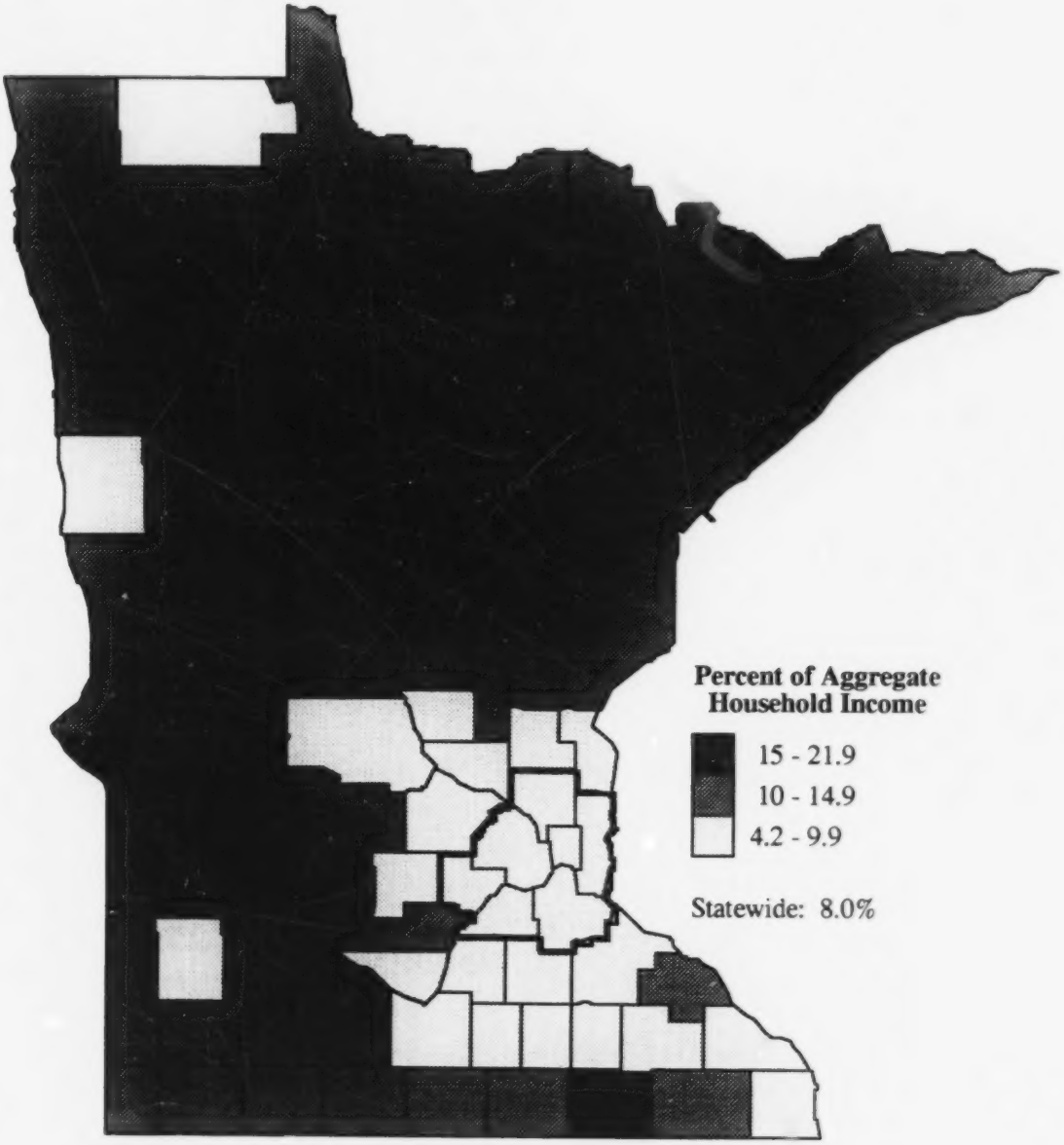
A high proportion of non-working elderly persons will tend to lower an area's median household income, as well as increase the importance of all non-wage and salary income sources. Indeed, Social Security checks or pension income may be the only or principal regular source of income for many households. The poverty status of an area, then, may be exacerbated by having a large proportion of low-income elderly households (see Part III: Poverty Overview). Similarly, a poor area that appears to be growing poorer may simply be growing older.

Distribution Statewide

The Twin Cities area received a smaller proportion of its aggregate household income from Social Security and retirement than any other part of the state (Figure 2-5). The five counties with the lowest proportion from these sources were Anoka, Carver, Dakota, Scott, and Washington Counties, each with less than 5 percent of its aggregate income coming from Social Security and retirement. Anoka, Dakota, Scott, and Washington Counties received a high proportion of their aggregate incomes from wages and salaries (Table 2-3a).

Most of outstate Minnesota depended upon Social Security and retirement income for at least 10 percent of aggregate household income. The resort/retirement counties of northeastern and north-central Minnesota (Lake, Cass, Crow Wing, Hubbard, and especially Aitkin) are particularly dependent on these income types (Table 2-9). Some of the aging agricultural counties, particularly in west-central Minnesota, were also disproportionately dependent on these income types.

Figure 2-5: Social Security and Retirement Income, Minnesota Counties



Source: 1990 Census, STF-3, Tables P102 and P98 through P105.

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The actual amount of Social Security and retirement income received in the Twin Cities and the outstate area were roughly equal: about $2.8 billion in 1989 (Table 2-2). Social Security and retirement monies became relatively more important outstate in part because that area's total income from all sources was $15 billion lower.

The outstate area had the majority (58 percent) of Minnesota's elderly: 296,000 out of the state's 504,000 people aged 65 and older.

Table 2-9: Social Security and Retirement Income as a Percent of Aggregate Income for Five Top Counties in Minnesota, 1989

County	Percent of all Income	Rank	MHI	Percent of Persons Age 65 and Older
Aitkin	21.9	1	$17,564	23.6
Lake	18.9	2	23,478	17.5
Cass	18.8	3	18,732	19.2
Hubbard	16.8	4	20,151	17.8
Big Stone	16.7	5	19,408	23.7

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P13, P80a, P84, P102, P104.

Public Assistance Income

Public assistance income played a very small role in Minnesota's income mix, both in 1979 and 1989 (Table 2-10). Even the counties with the highest proportions of this income type (Clearwater, Mahnomen, Beltrami, Cass, and Wadena) did not exceed 2.5 percent of aggregate household income from this source. Statewide, the proportion of public assistance income received did not change by any significant amount between 1979 and 1989.

Table 2-10: Public Assistance Income as a Percent of Aggregate Income and Percent of Households Receiving Public Assistance Income in Minnesota, 1979 and 1989

	Percent of all Income			Percent of Households Receiving Public Assistance Income		
	1989	1979	Change in Percent	1989	1979	Change in Percent
Minnesota	**0.70**	**0.69**	**+ 0.01**	**5.96**	**5.56**	**+ 0.40**
Twin Cities area	0.60	0.64	- 0.04	5.52	5.48	+ 0.04
Outstate	0.87	0.76	+ 0.11	6.47	5.64	+ 0.83

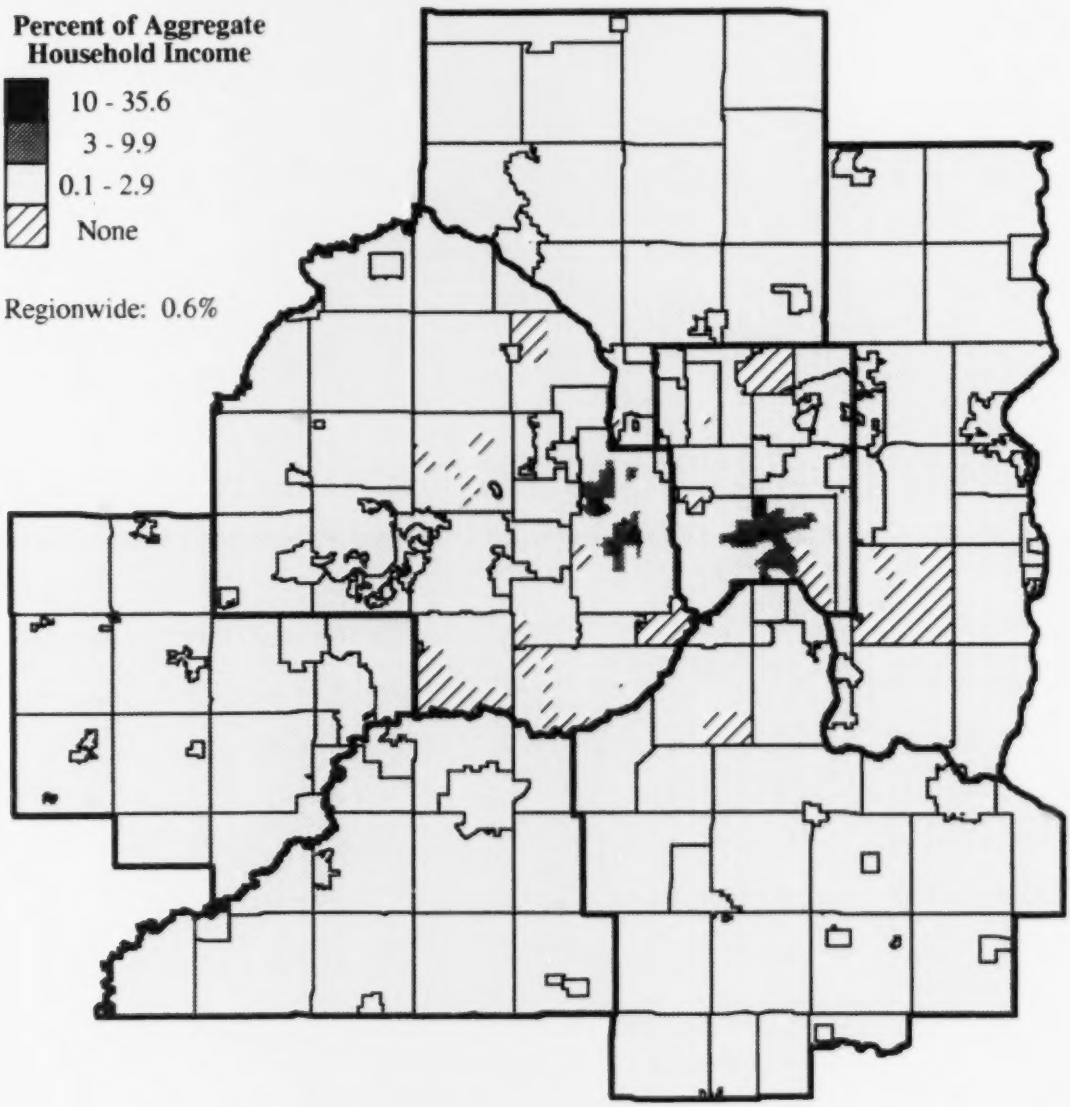
Source: *1980 Census*, STF-3, Tables 10, 70, 71, 72; *1990 Census*, STF-3, Tables P84, P95, P103.

Distribution in the Twin Cities

The first thing most people notice when looking at a map of public assistance income in the Twin Cities (Figure 2-6) is the concentrations of census tracts with high proportions of this income type in the central cities. These tracts, located in the heart of the core poverty areas (Figs. 1-3, 3-7), had low median household incomes, often relied on wage and salary income for a small portion of their aggregate income, and were heavily minority (Table 2-11, also see Part V: Race, Income, and Poverty).

The other pattern to note is that almost every census tract in the Twin Cities received at least some public assistance income. Many neighborhoods traditionally considered to be rich, including Wayzata, Edina, Eden Prairie, and Highland Park, received a small proportion of their aggregate household income from this source. Although only 5.5 percent (or nearly 50,000) of all Twin Cities households received public assistance income, they were scattered across the metropolitan area, and not simply packed into the core poverty areas.

Figure 2-6: Public Assistance Income, Twin Cities Tracts



Source: *1990 Census*, STF-3, Tables P103 and P98 through P105.

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Table 2-11: Public Assistance Income as a Percent of Aggregate Income for Ten Top Twin Cities Tracts, 1989

Census Tract (Location)	Percent of all Income	Rank	MHI	Percent from Wages/ Salaries	Percent Non-White
Tract 34 (Near North Side, Minneapolis)	35.6	1	$6,063	49.3	93.2
Tract 329 (Rice-Jackson, Saint Paul)	33.8	2	7,061	32.0	83.6
Tract 42 (Near North Side, Minneapolis)	30.2	3	9,968	54.2	95.5
Tract 61 (Philips, Minneapolis)	18.6	4	7,222	52.4	57.6
Tract 83 (Powderhorn, Minneapolis)	15.2	5	12,349	71.9	70.1
Tract 73 (Phillips, Minneapolis)	12.4	6	11,659	76.1	66.6
Tract 33 (Near North Side, Minneapolis)	12.0	7	20,096	80.6	82.2
Tract 337 (Summit-University, St. Paul)	11.7	8	7,153	52.2	55.7
Tract 72 (Phillips, Minneapolis)	10.8	9	14,779	76.4	58.4
Tract 336 (Summit-University, St. Paul)	10.6	10	8,941	79.1	90.3

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P8, P80a, P84, P98, P103.

Part III: Poverty Overview

What is Poverty?

The definition of poverty used by the census is very simple: it is a shortage of income in a given year. The census compares each family's combined income (or the income of each unrelated individual in a non-family household) with a threshold for families of that size (the federal poverty level); those with incomes below that threshold income are in poverty.

This definition's simplicity has both its virtues and its limitations. Income is easy to measure and can be compared from census year to census year. Moreover, a lack of income is highly correlated with the combination of social, economic, psychological, and physical characteristics found in persons society identifies as living in poverty. Income is not, however, the only measurement of poverty. Lack of opportunity, insufficient skills, a poor education, low motivation or self-esteem, or psychological stress may also be associated with poverty and these variables are much more difficult to measure than income. In addition, a low family income does not always mean that the family is impoverished. For example, a family that owns a house free and clear may need less income to support itself because its expenses are low.

Another limitation of poverty data arises from the nature of the census. Income and poverty data provide an image of only one year out of every ten. As a result, the census cannot be used to differentiate between a person who is only temporarily poor (e.g., between jobs or temporarily laid off) and a person with the combination of social, economic, and psychological handicaps that characterize the chronically poor.

The Poverty Level

The federal poverty level is based on the cost of feeding a family (or individual) on an economy food plan, adjusted annually for inflation. The poverty level is adjusted for the number of children in the family and the age of the householder (over or under age 65). See Table 3-1. For example, a six-person family requires more food than a three-person family, so the poverty level is substantially higher for the six-person family ($16,921) than for the three-person family ($9,885). The Census Bureau also assigns a higher poverty threshold to families with children. For example, a family with one parent and one child has a higher poverty level ($8,547) than a two-adult, no-child family ($8,303).

Table 3-1: 1989 Poverty Level Thresholds (abridged)

Household Size	Average Threshold	Number of Related Children Under Age 18				
		None	One	Two	Three	Four
One person	$6,310	–	–	–	–	–
< 65 yrs.	6,451	$6,451	–	–	–	–
≥ 65 yrs.	5,947	5,947	–	–	–	–
Two persons	8,076	–	–	–	–	–
Householder < 65 yrs.	8,343	8,303	$8,547	–	–	–
Householder ≥ 65 yrs.	7,501	7,495	8,515	–	–	–
Three persons	9,885	9,699	9,981	$9,990	–	–
Four persons	12,674	12,790	12,999	12,575	$12,619	–
Five persons	14,990	15,424	15,648	15,169	14,798	$14,572
Six persons	16,921	17,740	17,811	17,444	17,092	16,569

Source: *1990 Census*, STF-4 Technical Documentation, Appendix B, Table A.

The federal poverty level is only one of many possible income thresholds at which a person could be defined as poor. Many people have criticized the Census Bureau's poverty level for being unrealistically low. In 1989, for example, the poverty level for one person under age 65 living alone was $6,451. Many people living alone, however, would have had a hard time living on an income twice that size. The census also provides counts of the number of households or persons with incomes at selected percentages of the poverty level: less than 50 percent, 50 to 74 percent, 75 to 100 percent, and so forth, up to 200 percent or more of the poverty level. The poverty level is the census' principal reference point, but it is important to remember that even a household with an income at twice the poverty level is still by many definitions quite poor.

Families and Persons Below the Poverty Level

Poverty status is determined in a different way for family households than it is for non-family households. The Census Bureau adds the incomes of every member of a family household together to get a total family income. This figure is then compared to the poverty threshold for families of that size. The poverty status of the family as a whole is then applied to all the persons in that household, so that each person in a family below the poverty level is also individually below the poverty level; this is how young children can be classified as being above the poverty level even though they could not possibly be earning an income and do not have to support themselves.

For non-family households, however, the income of each unrelated individual in the household is compared to the poverty threshold for one person. This difference in determining poverty status has enormous implications—as we shall see later.

Poverty status is not determined for:

- Soldiers living in military housing
- Students living in college dormitories
- Institutionalized persons
- Unrelated individuals under age 15

Poverty in Minnesota

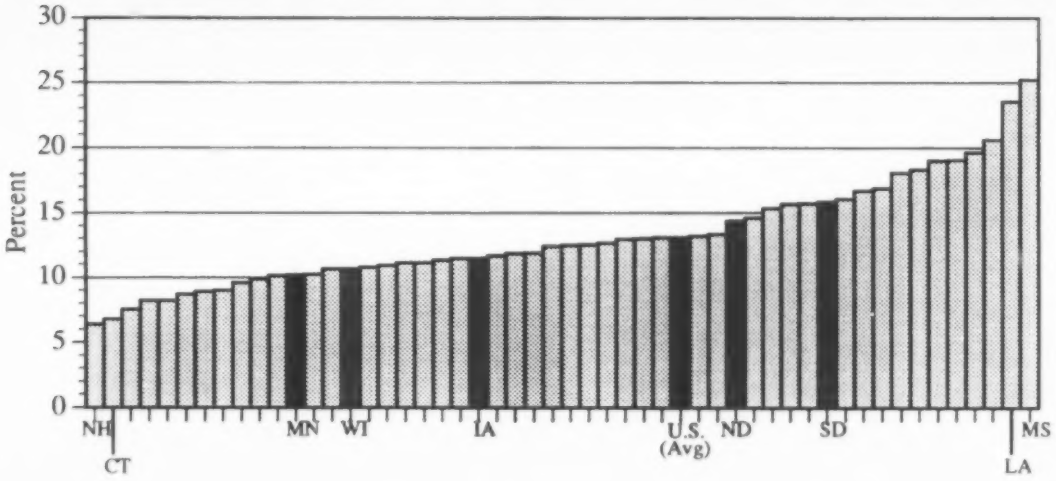
In 1989, 435,331 Minnesotans were living below the poverty level—10.2 percent of the state's population. Only eleven states had smaller percentages of their populations living in poverty (Figure 3-1). As did its income, Minnesota's rate of poverty moved closer to the nation's average during the 1980s. The state's poverty rate increased by less than one percentage point between 1979 and 1989 (Table 3-2). Its ranking, however, dropped six points, from 6th in the nation to 12th, as other states, particularly in the east, saw decreases in their poverty rates.

Table 3-2: Percent of Persons Below the Poverty Level for Selected States, 1979 and 1989

	Percent of Persons below Poverty Level			Rank		
Selected State	1989	1979	Change in Percent	1989	1979	Change in Percent
New Hampshire	6.4	8.5	- 2.1	1	3	+ 2
Connecticut	6.8	8.0	- 1.2	2	2	none
Minnesota	**10.2**	**9.5**	**+ 0.7**	**12**	**6**	**- 6**
Wisconsin	10.7	8.7	+ 2.0	15	4	- 11
Iowa	11.5	10.2	+ 1.3	22	14	- 8
United States	*13.1*	*12.4*	*+ 0.7*	--	--	--
North Dakota	14.4	12.6	+ 1.8	35	32	- 3
South Dakota	15.9	16.9	- 1.0	40	44	+ 4
Louisiana	23.6	18.6	+ 5.0	50	48	- 2
Mississippi	25.2	23.9	+ 1.3	51	51	none

Source: *1980 Census*, STF-3, Table 91; *1990 Census*, STF-3, Table P117.

Figure 3-1: Percent of Persons Below the Poverty Level, United States



Source: *1990 Census*, STF-3, Table P121.

The low poverty rates in the Eastern seaboard and New England states highlight the snapshot nature of the census. The 1989 income and poverty figures reported in the 1990 Census are from the end of the boom period of the 1980s, when these states were home to many high-paying, high-technology jobs and industries. Within two years, high taxes, a stagnant economy, cuts in defense spending, and budget cuts by state and local governments resulted in layoffs and higher poverty rates for many of these states. Income and poverty data for 1995 would show a different picture.

Degrees of Poverty*

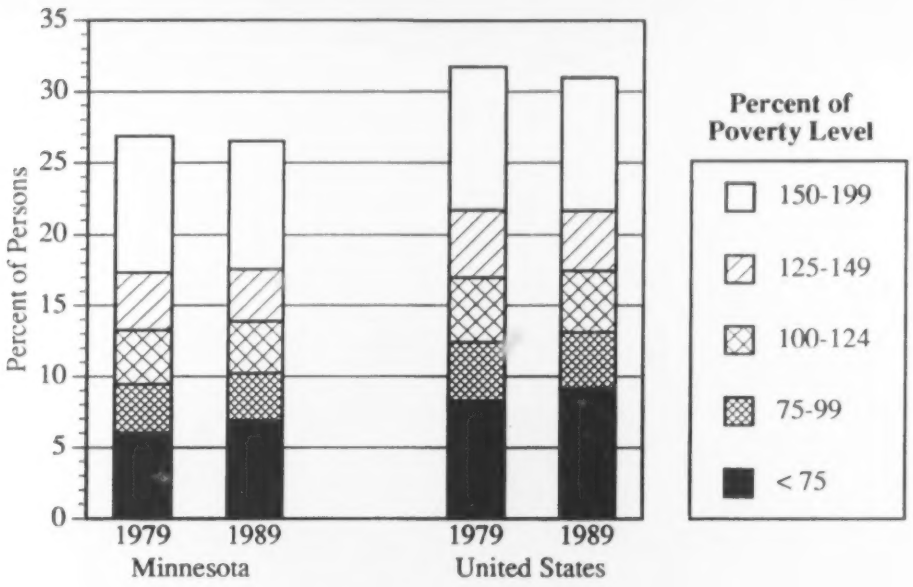
Most of the newly poor people in Minnesota, like the newly poor in the nation as a whole, were the very poor: persons with incomes below 75 percent of the poverty level (Figure 3-2, Table 3-3). The proportions of the poor and marginally poor, meanwhile, remained stable or declined slightly for both Minnesota and the nation.

The increase in the numbers and proportion of very poor is unsettling and unexpected, particularly given the increase in median household income in both Minnesota and the United States (Table 1-2a) and the decrease in the proportion of households in the lower income ranges (Figure 1-8). One possibility is some shifting within the lowest income classes, with more people at the bottom end. Some other possible explanations for these seemingly contradictory trends include:

- *More people became very poor as a result of the decrease in average real wages*, particularly for young, entry-level workers, during the 1980s (Table 1-11). The drop in wages was caused by the creation of many more low-paying than high-paying jobs during the 1980s, as the United States economy continued its restructuring from a manufacturing to a service economy.
- *More people lived in households that increased their likelihood of being poor*. The 1980s saw a rapid increase in household types that are more likely to be poor, i.e., non-family households and single-parent families. (See Part IV: Household Types and Poverty, for more on this issue.)
- *The census definitions allowed gains in household income to mask increases in the poverty of individuals*. The incomes of all members of a non-family household are combined to calculate its household income, whereas the poverty status of each person is determined separately, by comparing that person's individual income to the poverty level for one person living alone. Fewer people lived alone in 1989 and more lived as roommates (See Table 1-12). The median *household* income thus could increase, while the poverty rates remain unchanged or even worsen.
- *The median income value does not say anything about income distribution*. That the median income rose during the 1980s says nothing about the percent of very poor or very wealthy people. In fact, our analysis shows we have had gains in both groups.

* The 1990 Census reported degrees of poverty in more detail than the 1980 Census. In particular, the 1990 Census subdivides the under-75 percent of poverty level into two classes: under-50 percent (extremely poor) and 50-74 percent (very poor) of poverty level. When showing only 1990 Census data, we will present full detail. When showing change, we will collapse these two categories for 1990 data and call the new under-75 percent category "very poor."

Figure 3-2: Change in Levels of Poverty, Minnesota vs. United States



Sources: *1980 Census*, STF-3, Table 95; *1990 Census*, STF-3, Table P121.

Table 3-3: Percent of Persons with Incomes at Selected Percentages of the Poverty Level in Minnesota and United States, 1979 and 1989

	Percent of Poverty Level	Minnesota		United States	
		1979	1989	1979	1989
Very poor	< 75	6.0	6.9	8.3	9.1
Poor	75 - 99	3.4	3.4	4.1	4.0
Below poverty level	< 100	9.4	10.3	12.4	13.1
Marginally poor	100 - 199	17.4	16.3	19.3	17.8
Not poor	200 +	73.1	73.5	68.3	69.0

Source: *1980 Census*, STF-3, Table 95; *1990 Census*, STF-3, Table P121.

Nationally, the East Coast and some of the southern states saw declines in their proportions of very poor persons, while the proportions of this group increased in many of the western and midwestern states. The story was similar for the poor and marginally poor (all persons with incomes below 200 percent of the poverty level). In particular, the New England states saw large declines in the proportion of their populations that were poor or marginally poor, up to almost 10 percent in Maine. In Minnesota, the proportion of those below 200 percent of the poverty level decreased by almost half a percentage point, from 26.9 percent to 26.5 percent. The proportion of very poor Minnesotans, however, increased by almost a full percentage point, from 6.0 to 6.9 percent, placing Minnesota *slightly below the midpoint* in a ranking of states.

Twin Cities–Outstate Differences

A disproportionate share of Minnesota's poor and marginally poor persons lived in the outstate area (Table 3-4). In 1989, slightly only 47 percent of the four million residents of Minnesota lived outside the seven-county Twin Cities area. But nearly 60 percent of the 435,000 Minnesotans below the poverty level and over 60 percent of all persons with incomes below 200 percent of the poverty level lived in the outstate area.

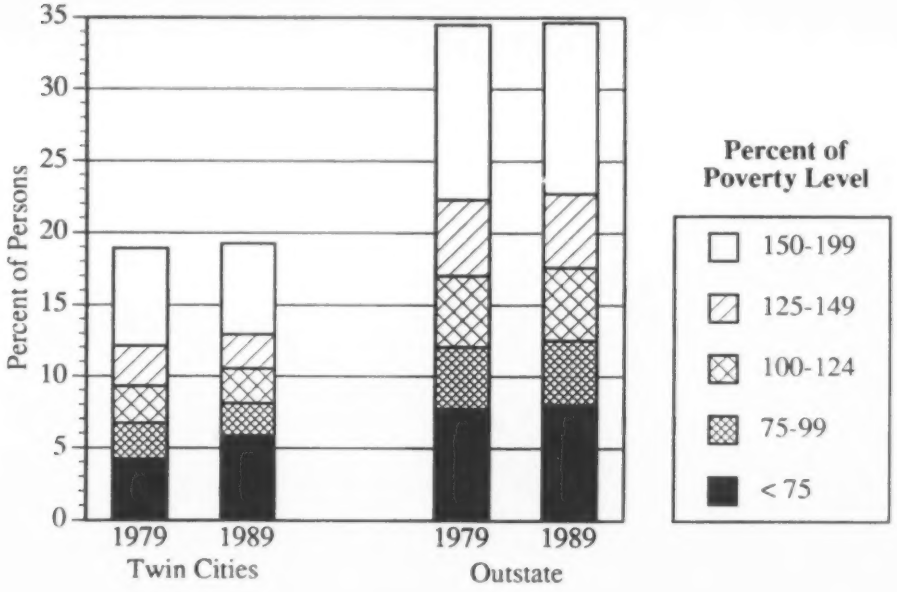
A much larger proportion of the outstate population was very poor, poor, or marginally poor (Figure 3-3, Table 3-5). In particular, the proportion of the outstate population that was marginally poor (100 to 199 percent of the poverty level) was nearly double that of the Twin Cities population.

Table 3-4: Twin Cities' Share of Minnesotans with Incomes at Selected Percentages of the Poverty Level, 1989

	Percent of Poverty Level	Total Persons, Twin Cities	Total Persons, Outstate	Total Persons, Minnesota	Twin Cities Share, (in percent)
Extremely poor	< 50	64,465	78,567	143,032	45.1
Very poor	50-74	66,792	82,804	149,596	44.6
Poor	75-99	51,423	91,280	142,703	36.0
All persons below the poverty level	< 100	182,680	252,651	435,331	42.0
Marginally poor	100-199	249,184	445,644	694,828	35.9
Not poor	200+	1,810,789	1,318,508	3,129,297	57.9
TOTAL PERSONS	–	2,242,653	2,016,803	4,259,456	52.7

Source: *1990 Census*, STF-3, Table P121.

Figure 3-3: Change in Levels of Poverty, Twin Cities vs. Outstate



Sources: *1980 Census*, STF-3, Table 95; *1990 Census*, STF-3, Table P121.

The absolute numbers of very poor persons in the Twin Cities area increased by more than 50 percent (almost 49,000 persons) between 1979 and 1989. In the outstate area, by contrast, the very poor increased by only 4,688 persons and the number of all poor persons increased by 8,601 persons. The increase in Twin Cities very poor comprised over 80 percent of the total increase of 60,375 poor persons statewide between 1979 and 1989. As a consequence, the Twin Cities' share of the state's very poor increased by 10 percentage points, although the outstate area still had a larger share of this group overall (55 percent in 1989).

In-Migration of Poor People into Minneapolis and Saint Paul, 1985–1990

The Twin Cities area gained almost 50,000 poor persons between 1980 and 1990. The two central cities, Minneapolis and Saint Paul, gained 33,348 of these. Where did they come from? The census cannot precisely answer that question; it can, however, give us a general idea. The census asks respondents where they lived five years ago (1985, for the 1990 Census). It is possible, therefore, to use PUMS data to answer the question "Where did the Minneapolis and Saint Paul residents who were below the poverty level in 1989 live in 1985?"

Two-thirds of the poor living in Minneapolis and Saint Paul in 1990 lived there in 1985 as well (Table 3-6). About 12 percent lived either in the suburbs of the Twin Cities or outstate in 1985, accounting for one-third of those who moved into the central cities after 1985. We suspect that these people were a mixture of college students, young people entering the job market, adults looking for better opportunities, and newly divorced adults seeking the cheaper housing required by their reduced economic circumstances.

Table 3-5: Percent of Persons with Incomes at Selected Percentages of the Poverty Level in Twin Cities and Outstate, 1979 and 1989

	Percent of Poverty Level	1979		1989		Change in:	
		Population	Percent	Population	Percent	Population	Percent
Twin Cities							
Very poor	< 75	82,454	4.2	131,257	5.9	+ 48,803	+ 1.7
Poor	75-99	48,452	2.5	51,423	2.3	+ 2,971	- 0.2
Below poverty level	< 100	130,906	6.7	182,680	8.2	+ 51,774	+ 1.5
Marginally poor	100-199	236,215	12.2	249,184	11.1	+ 12,969	- 1.1
Not poor	200+	1,572,502	81.1	1,810,789	80.7	+ 238,287	- 0.4
TOTAL		1,939,623	100	2,242,653	100	+ 303,030	–
Outstate							
Very poor	< 75	156,683	7.8	161,371	8.0	+ 4,688	+ 0.2
Poor	75-99	87,367	4.3	91,280	4.5	+ 3,913	+ 0.2
Below poverty level	< 100	244,050	12.1	252,651	12.5	+ 8,601	+ 0.4
Marginally poor	100-199	453,030	22.4	445,644	22.1	- 7,386	- 0.3
Not poor	200+	1,323,905	65.5	1,318,508	65.4	- 5,397	- 0.1
TOTAL		2,020,985	100	2,016,803	100	- 4,182	–

Source: *1980 Census*, STF-3, Table 95; *1990 Census*, STF-3, Table P121.

Table 3-6: 1985 Residence of 1990 Minneapolis/Saint Paul Residents Below the Poverty Level

1985 Residence	Number	Percent of all Poor	MHI, 1989
Minneapolis or Saint Paul	59,106	63.6	–
lived in same home	–	–	$6,000
lived in same city	–	–	7,700
moved inter-city	–	–	6,050
Remainder of seven-county metro area	6,841	7.4	8,950
Outstate Minnesota	4,680	5.0	8,600
Industrial Midwest (IN, IL, MI, WI)	5,633	6.1	12,650
Other U.S. states	9,447	10.2	9,350
Overseas	7,270	7.8	9,250
TOTAL	92,977	100	8,400

Notes: Total in-migrants figure excludes 16,000 poor children born after 1985. Persons with a 1985 Minneapolis/Saint Paul residence include those living in the same house in 1989 and those who moved within or between those cities. Median household income figures (MHI, 1989) are rounded to the nearest $50 and are based on small PUMS samples.

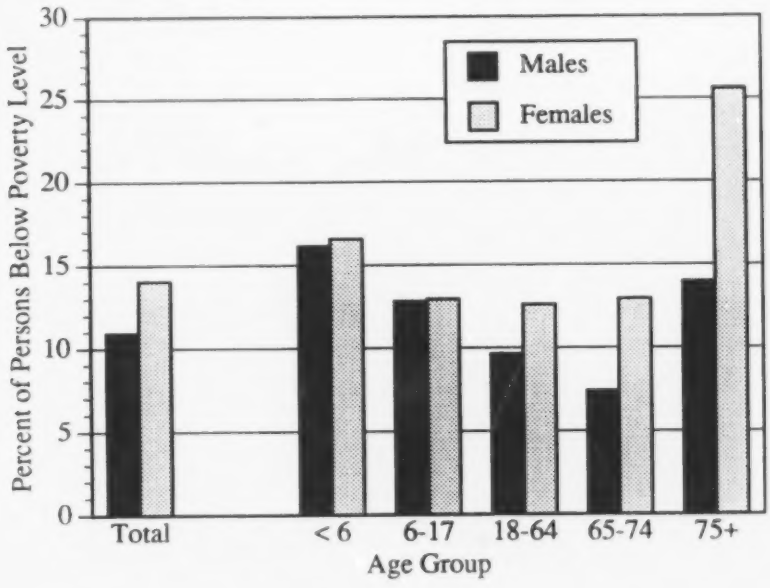
Source: *1990 Census*, PUMS (data provided by Elvin Wyly, Department of Geography, University of Minnesota).

Some people claim that much of the poverty in the two central cities is the result of poor welfare refugees migrating here from the old industrial centers of Chicago and Gary, Indiana. On the contrary, only 6 percent of the central cities' poor arrived here from the industrial midwest (including Chicago and Gary) and those who did arrive from these states had higher incomes in 1989 than the poor who were already in the Twin Cities. The numbers of such migrants were relatively small and we suspect that most came looking for jobs, not welfare.

Differences by Age Group and Sex

Female poverty rates exceeded male poverty rates for every age in both the Twin Cities and outstate areas (Figure 3-4, Table 3-7). More females than males, 60,000 more in all, were below the poverty level in 1989 in Minnesota. The gap between males and females begins during the working years and widens after retirement. The reasons for this disparity are, for the most part, only hinted at in the census. First, men generally earn more than women. Second, many more single women raise children than do single men (see Part IV: Household Types and Poverty). Finally, women outlive men and fare worse in the retirement years. Savings are used up in later retirement as the women forge on alone. For this generation of retirees, men were the dominant breadwinners. Their widows have little work history and often are living off of much smaller survivor benefits.

Figure 3-4: Poverty Rates by Age and Sex, Minnesota



Source: *1990 Census*, STF-3, Table P118.

Table 3-7: Poverty Rates by Age and Sex in Twin Cities and Outstate, 1989 (in percents)

	Males		Females	
Age (years)	Twin Cities	Outstate	Twin Cities	Outstate
All Ages	7.2	10.9	9.1	14.1
< 6	13.3	16.1	13.5	16.6
6 - 17	10.2	12.8	10.2	13.0
18 - 64	5.7	9.6	8.0	12.6
65 - 74	3.7	7.4	7.4	13.0
75 +	5.5	14.0	13.9	25.6

Source: *1990 Census*, STF-3, Table P118.

Twin Cities–Outstate Differences

A larger proportion of outstate than Twin Cities residents lived below the poverty level. When this general statement is broken down by age (Figure 3-4, Table 3-7), several interesting facts emerge:

- In every age and sex group, Twin Cities residents were better off than outstate residents.
- In both the Twin Cities and the outstate areas, for every age group, males were better off than females. Twin Cities males had the lowest poverty rates in every age group.
- For both the Twin Cities and outstate areas: the gender gap is minimal during childhood, increases during the working years, and gets larger with increasing age.

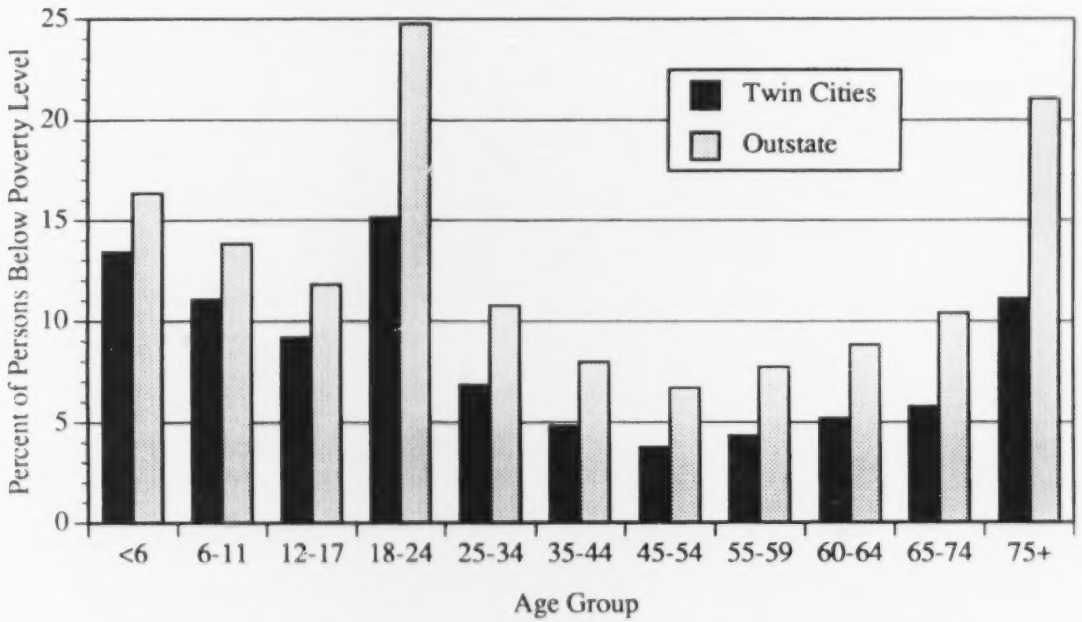
Poverty by Age Group

In all parts of the state, poverty rates are fairly high for young children (Figure 3-5, Table 3-8). Those rates systematically decline until people are in their peak earning years, then increase through the retirement years. The single exception to this pattern is the 18-24 year old age group, when children leave home.

The lower poverty rates for the Twin Cities as compared to the outstate areas are a reflection of superior employment opportunities in the former. The Twin Cities area has more and a better variety of better-paying jobs than does the outstate area. This situation ripples through every age group: children of parents with good jobs are less likely to be in poverty, and elderly persons who had good jobs before retiring may well have better pensions and higher Social Security income than those who worked in less lucrative jobs or in certain non-wage-earning or non-salaried fields.

For any family, the presence of children adds expenses; families with children have higher poverty rates than those without children. Poverty rates for children outstate (especially for young children under age 6) were among the highest for any age group statewide. Many of these poor children were in single-parent families with one or no workers (see Part IV: Household Types and Poverty).

Figure 3-5: Poverty Rates by Age, Twin Cities vs. Outstate



Source: *1990 Census*, STF-3, Table P117.

Young adults (ages 18 through 24) had the highest poverty rates of all age groups statewide. Young adults often have low incomes because they are just entering the work force and will not reach their peak earning years for some time. Many are also living in self-imposed poverty as college students, putting off money-making in the hopes of improving their earning power after graduation. The median income of this age group declined significantly during the 1980s (Table 1-11). The poverty rate of this group, therefore, probably increased between 1979 and 1989, although we cannot say for certain, since the 1980 Census did not report similarly detailed information about poverty rate by age group.

Table 3-8: Percent of Persons Below the Poverty Level and Median Household Income (MHI) by Age in Minnesota, Twin Cities, and Outstate, 1989

	Minnesota		Twin Cities		Outstate	
Age*	Below Poverty Level	MHI	Below Poverty Level	MHI	Below Poverty Level	MHI
< 6	14.8	–	13.4	–	16.4	–
6-11	12.5	–	11.1	–	13.8	–
12-17	10.6	–	9.2	–	11.8	–
18-24	19.5	$17,800	15.2	$20,500	24.8	$14,900
25-34	8.4	32,700	6.8	36,800	10.8	18,000
35-44	6.2	40,300	4.8	45,000	8.0	34,500
45-54	**5.1**	**44,700**	**3.8**	**51,700**	**6.7**	**37,800**
55-64	6.6	33,800	4.8	41,400	8.3	28,400
65-74	8.4	19,900	5.8	23,400	10.4	17,500
75 +	17.2	12,000	11.1	14,400	21.1	10,600

* Age shown for all persons below the poverty level. Median household income (MHI) is shown by age of householder. MHI was estimated based on household income distribution and is rounded to the nearest $100.

Note: Peak earning years are highlighted in **boldface** type.

Source: *1990 Census*, STF-3, P86, P117.

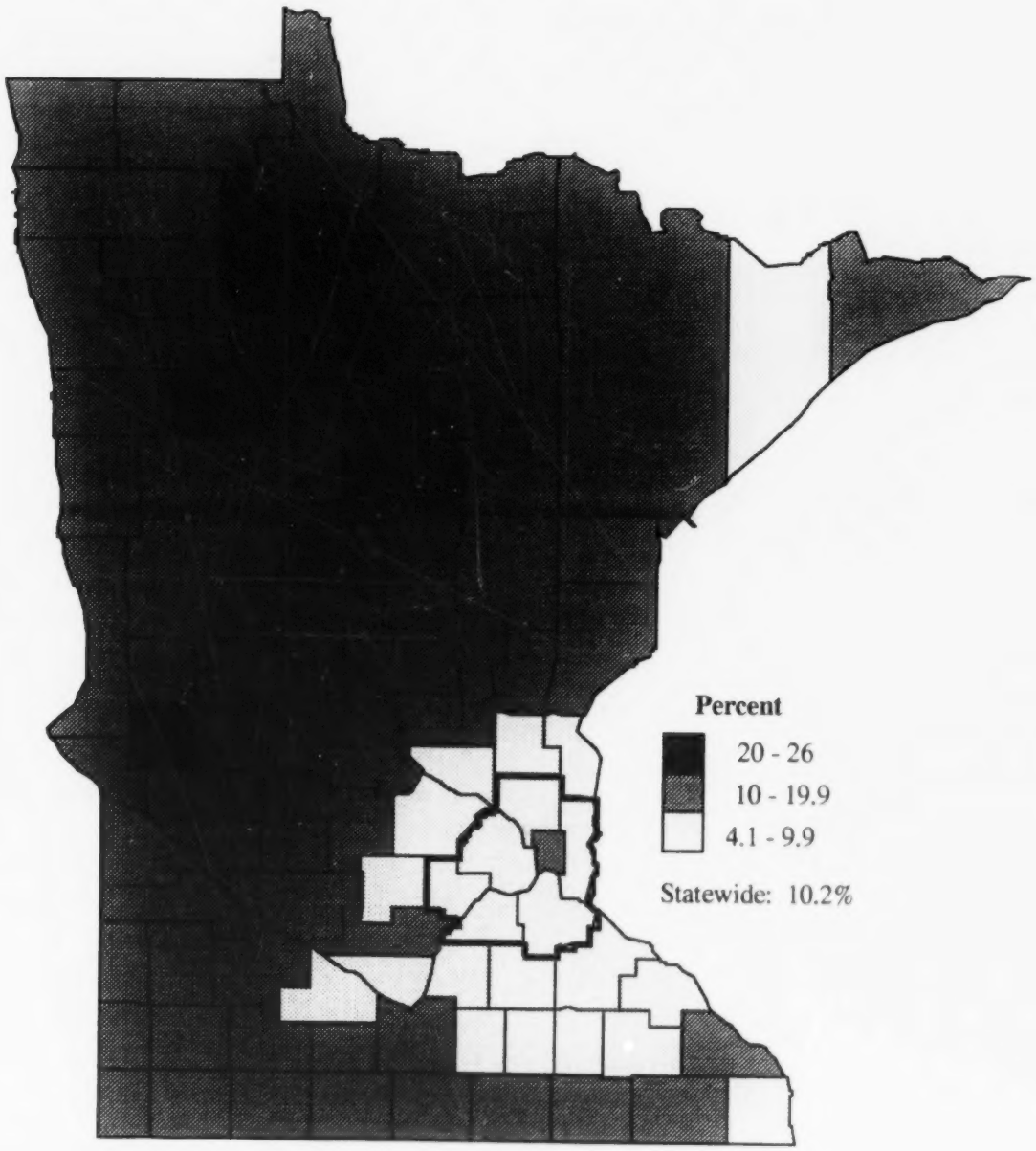
Geographic Distribution of Poverty

Poverty is often concentrated in particular areas of a city or state. The pattern of areas with a high incidence of poverty is often similar to the patterns of other social and economic phenomena, including high proportions of specific types of income, high proportions of certain types of households, and a concentration of minorty groups.

Poverty Statewide

The lowest incidence of poverty in Minnesota was found, not surprisingly, in and around the Twin Cities area (Figure 3-6). The five suburban counties within the metro area had the lowest poverty rates in the state (Table 3-9), while the counties containing the central cities more closely approximated the state average; Hennepin County ranked 66th in the state

Figure 3-6: Poverty Rates for Persons, Minnesota Counties



Source: *1990 Census*, STF-3, Table P121.

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with low poverty rates, while Ramsey County was 55th. Steele County (ranked 82nd) probably benefited from the economic strength of the city of Owatonna, its relative proximity to the Twin Cities and Rochester, and from having Interstate 35W pass nearby.

The highest incidence of poverty was in a cluster of counties in the north-central portion of the state. The four poorest counties are covered entirely or in large part by three of the states' largest Indian reservations: Leech Lake, White Earth, and Red Lake. Stevens County, one of the poorest counties in the state, is home to the University of Minnesota's Morris Campus. The large number of students living around the campus (students in dormitories are not counted when poverty rates are calculated) may have affected the poverty rate in that county.

Table 3-9: Poverty Rates for Six Top and Bottom Counties in Minnesota, 1989

	Percent Below Poverty Level	Rank	MHI
Bottom Six Counties			
Scott	4.1	87	$40,798
Dakota	4.3	86	42,218
Washington	4.4	85	44,122
Carver	4.9	84	39,188
Anoka	5.3	83	40,076
Steele	6.7	82	30,571
Minnesota	*10.2*	..	*30,909*
Top Six Counties			
Stevens	20.6	6	21,921
Wadena	21.8	5	17,333
Cass	21.8	4	18,732
Clearwater	22.7	3	17,752
Beltrami	24.0	2	20,925
Mahnomen	26.0	1	16,924

Note: MHI—median household income.

Source: *1990 Census*, STF-3, Tables P80a, P118.

Poverty within the Twin Cities

The core poverty areas within the Twin Cities area surrounded the central business districts of Minneapolis and Saint Paul (Figure 3-7). North and south Minneapolis each had large contiguous areas where a quarter or more of the population was below the poverty level, while Saint Paul's poor were concentrated in four to five separate areas radiating out from downtown, forming a fractured star pattern.

The majority of the Twin Cities' poor lived in the two central cities. Of 182,000 metropolitan area residents below the poverty level in 1989, 109,000, or 60 percent lived in either Minneapolis or Saint Paul. Seven percent of the metropolitan area's poor lived in just ten census tracts (Table 3-10).

Although the majority of the poor were concentrated in the two central cities, people in poverty were scattered across the entire Twin Cities area (Figure 3-8). In fact, every community in the metropolitan area had some poor residents. Only three inhabited metropolitan area census tracts had no residents below the poverty level: a largely commercial portion of southern Fridley along the Mississippi River, another predominantly commercial section of south-central Plymouth, and a residential portion of south Bloomington on the bluffs overlooking the Minnesota River.

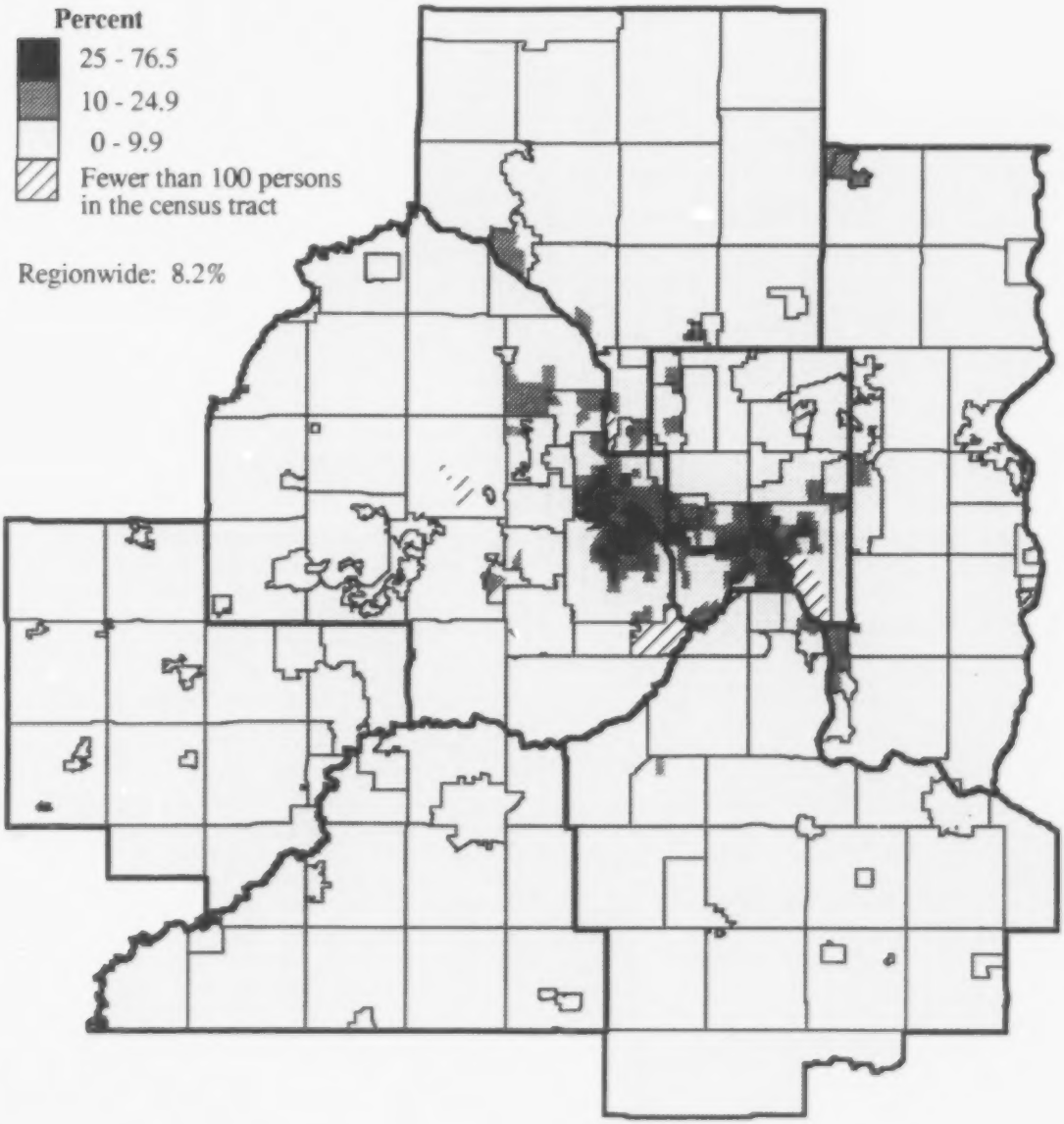
Table 3-10: Poverty Rates in Ten Top Twin Cities Tracts,* 1989

Census Tract (Location)	Percent BPL	Rank	MHI	Total Persons BPL
Tract 34 (Near North Side, Minneapolis)	76.5	1	$6,063	2,063
Tract 329 (Rice-Jackson,Saint Paul)	73.6	2	7,061	1,458
Tract 42 (Near North Side, Minneapolis)	68.1	3	9,968	1,427
Tract 337 (Summit-University, St. Paul)	60.6	4	7,153	871
Tract 61 (Phillips, Minneapolis)	59.6	5	7,222	706
Tract 83 (Powderhorn, Minneapolis)	54.2	6	12,349	1,326
Tract 73 (Phillips, Minneapolis)	54.1	7	11,659	1,212
Tract 336 (Summit-University, St. Paul)	51.1	8	8,941	466
Tract 72 (Phillips, Minneapolis)	50.3	9	14,779	1,480
Tract 47 (Cedar-Riverside, Minneapolis)	50.2	10	9,161	1,731
TOTAL	59.8 *(average)*		n/a	12,740

Notes: Poverty rate was not calculated for census tracts with fewer than 100 residents. MHI—median household income. BPL—below poverty level.

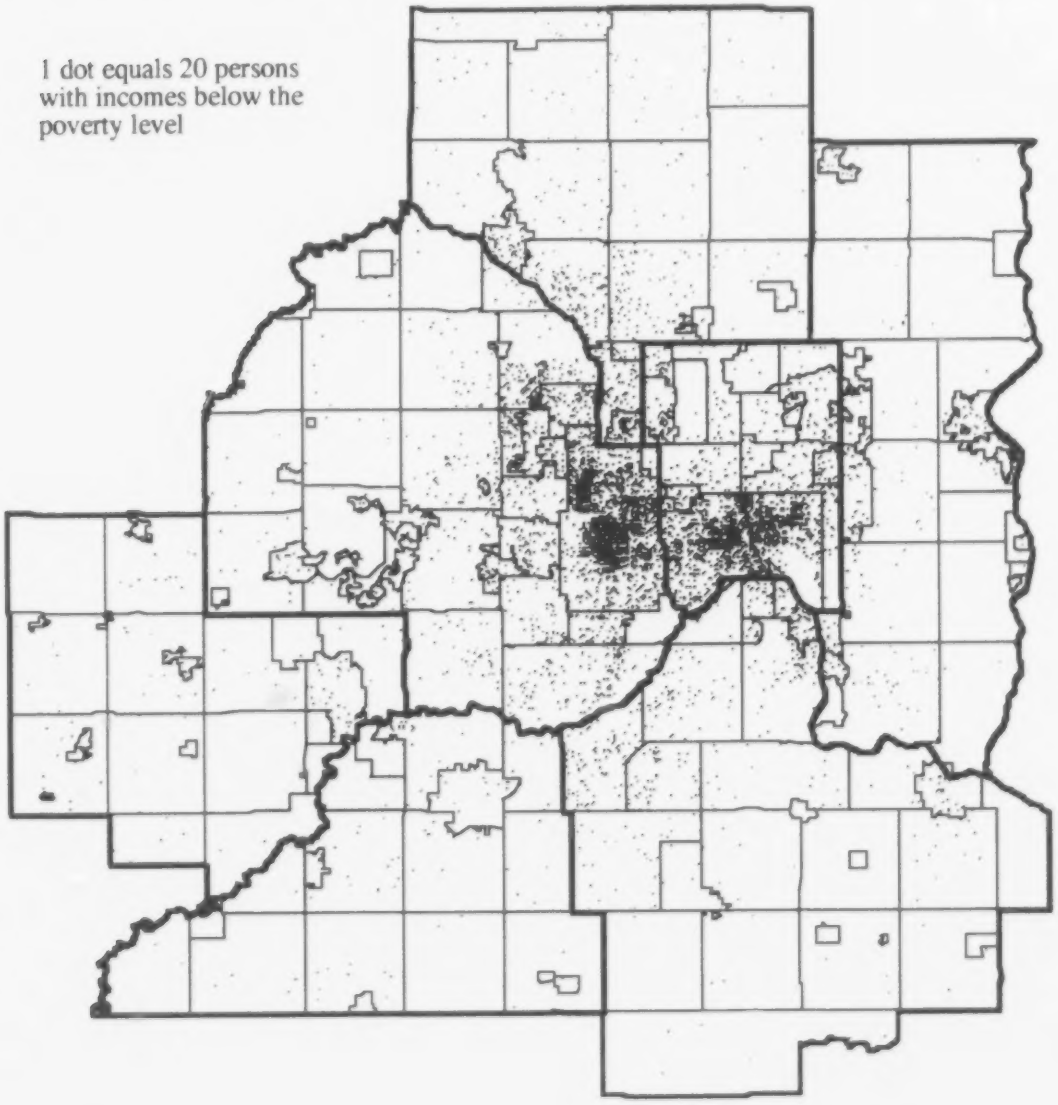
Source: *1990 Census*, STF-3, Tables P80a, P118.

Figure 3-7: Poverty Rates for Persons, Twin Cities Tracts



Source: *1990 Census*, STF-3, Table P121.

Figure 3-8: Number of Poor Persons, Twin Cities Tracts



Source: *1990 Census*, STF-3, Table P121.

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Degrees of Poverty: Twin Cities

The geographic pattern of poverty remained largely the same, regardless of the degree of poverty measured (Figs. 3-7, 3-9, and 3-10). We used the same category breaks for Figs. 3-7, 3-9, and 3-10 in order to highlight the concentration of poor and extremely poor people in the central cities (Figs. 3-7 and 3-9), as well as to show the considerable extent of near-poverty throughout the Twin Cities area (Figure 3-10).

The Extremely Poor

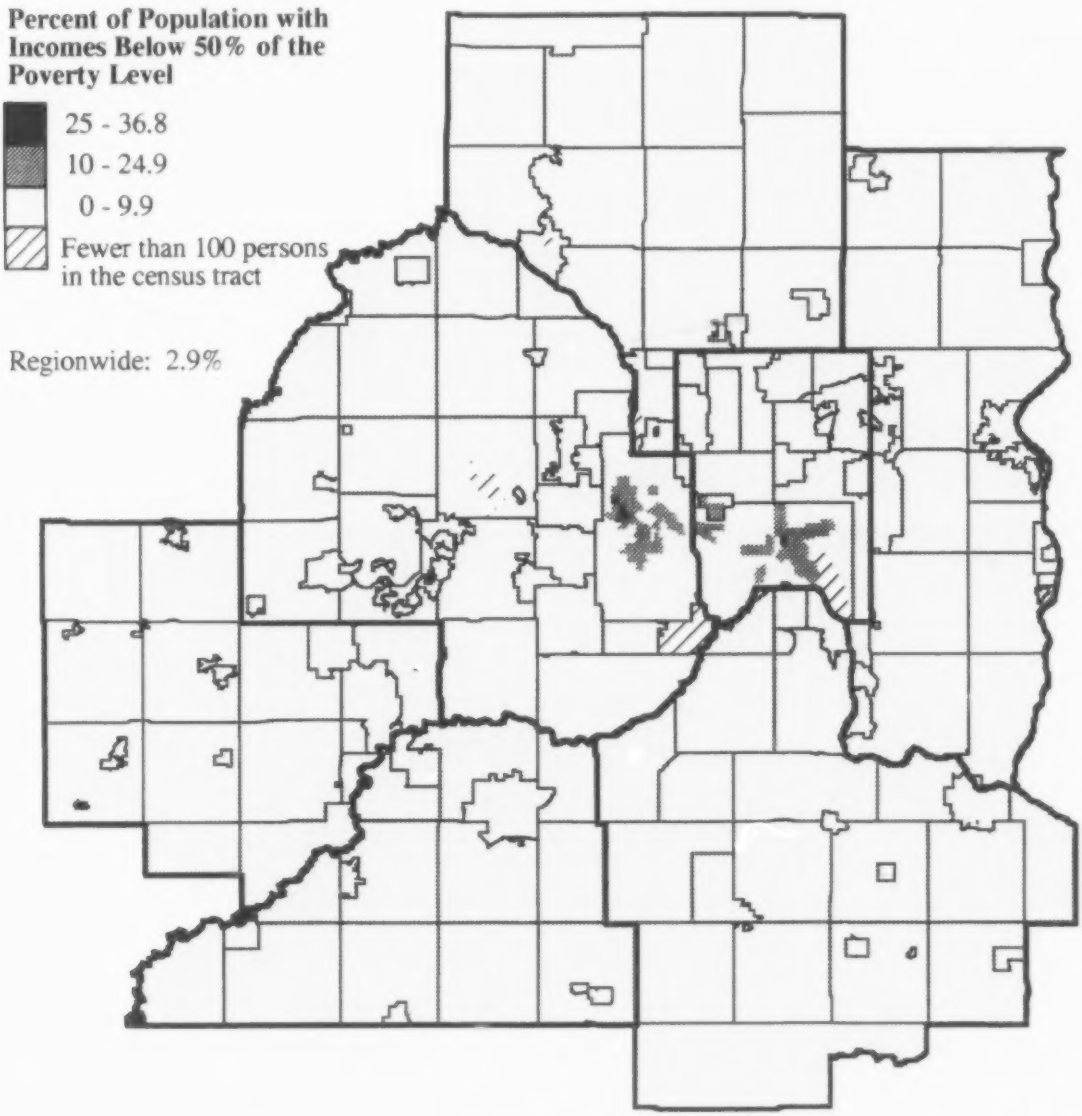
The core poverty areas arrayed around the downtowns of Minneapolis and Saint Paul stand out as having a high proportion of extremely poor residents (Figure 3-9). In the same areas where 25 percent or more of residents were below the poverty level (Figure 3-7), at least 10 percent of residents were extremely poor (below 50 percent of the poverty level). In other words, the extremely poor residents of these cities did not live in isolation, but instead were the worst off of a large, concentrated poverty population. For example, in each of the twenty-five worst-off census tracts (in terms of percent of extremely poor residents), more than 25 percent of the population was below the poverty level and more than 50 percent—sometimes as much as 90 percent—had incomes below 200 percent of the poverty level (Figure 3-10). The three census tracts with the highest proportion of extremely poor residents also had the highest proportions of poor and marginally poor residents (Table 3-11).

Table 3-11: Percent (and Rank) of Extremely Poor, Poor, and Marginally Poor Persons in Three Twin Cities Tracts with Largest Percentages of Extremely Poor Residents, 1989

Census Tract (Location)	Below 50% of Poverty Level (extremely poor)	Below 100% of Poverty Level (poor)	Below 200% of Poverty Level (marginally poor)
Tract 42 (Near North Side, Minneapolis)	36.8 (1)	68.1 (3)	92.4 (3)
Tract 34 (Near North Side, Minneapolis)	36.3 (2)	76.5 (1)	93.8 (2)
Tract 329 (Rice-Jackson, St. Paul)	29.8 (3)	73.6 (2)	95.6 (1)

Source: *1990 Census*, STF-3, Table P121.

Figure 3-9: Extremely Poor, Twin Cities Tracts


Percent of Population with Incomes Below 50% of the Poverty Level
25 - 36.8
10 - 24.9
0 - 9.9
Fewer than 100 persons in the census tract
Regionwide: 2.9%

Source: *1990 Census*, STF-3, Table P121.

Although large numbers of extremely poor persons were concentrated in the central cities (62 percent of the Twin Cities area's extremely poor residents) only sixteen inhabited census tracts (out of more than 590 in the metropolitan area) had no residents with incomes below 50 percent of the poverty level. As was true for persons below the poverty level, virtually every community in the Twin Cities area was home to some extremely poor residents.

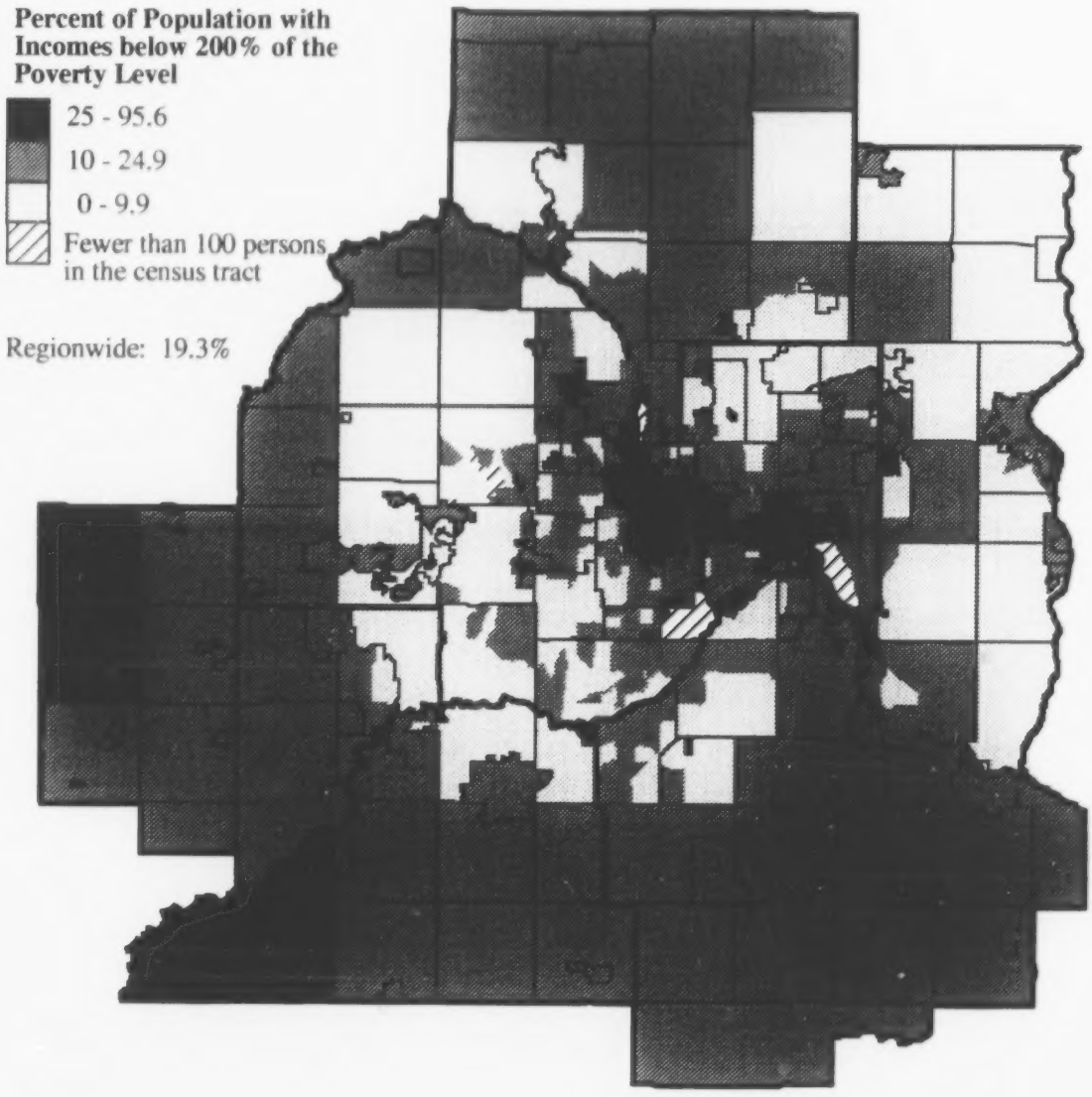
The Poor and Marginally Poor

Almost a fifth of all Twin Cities residents lived within sight of the poverty level (i.e., with incomes up to 200 percent of the poverty level). These poor and marginally poor people were distributed much more widely across the metropolitan area than most people realize (Figure 3-10). Many suburban and even rural areas had sizeable proportions of the poor and marginally poor. Only the second- and third-tier suburbs seemed immune.

The two central cities were home to half the area's poor and marginally poor. When the marginally poor were included, the core poverty areas expanded to cover most of central and northern Minneapolis and almost all of the central third of Saint Paul. Many of these marginally poor neighborhoods are home to college students and young entrants into the job market. These people have part- or full-time jobs that allow them to stay above the nominal poverty level, but their youth, their inexperience in their careers, or the demands of college keep them from earning enough to live comfortably.

Beyond the relatively prosperous second- and third-tier suburbs, the edges of outstate poverty lapped at the edges of the Twin Cities. The Twin Cities area as a whole had a median household income $10,000 higher than the outstate area's, and its poverty rates were substantially lower. The exurban/rural portions of the Twin Cities area, however, were more like outstate Minnesota than like the metropolitan Twin Cities. Although a relatively small proportion of rural Twin Citians are actually below the poverty level, many live close to poverty. If the Twin Cities metropolitan area continues to grow as it has in the past several decades, many of these marginally poor areas will probably be developed and turned into higher-income suburbs.

Figure 3-10: Marginally Poor, Twin Cities Tracts


Percent of Population with Incomes below 200% of the Poverty Level
25 - 95.6
10 - 24.9
0 - 9.9
Fewer than 100 persons in the census tract
Regionwide: 19.3%

Source: *1990 Census*, STF-3, Table P121.

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Change in Poverty Incidence, 1979–1989

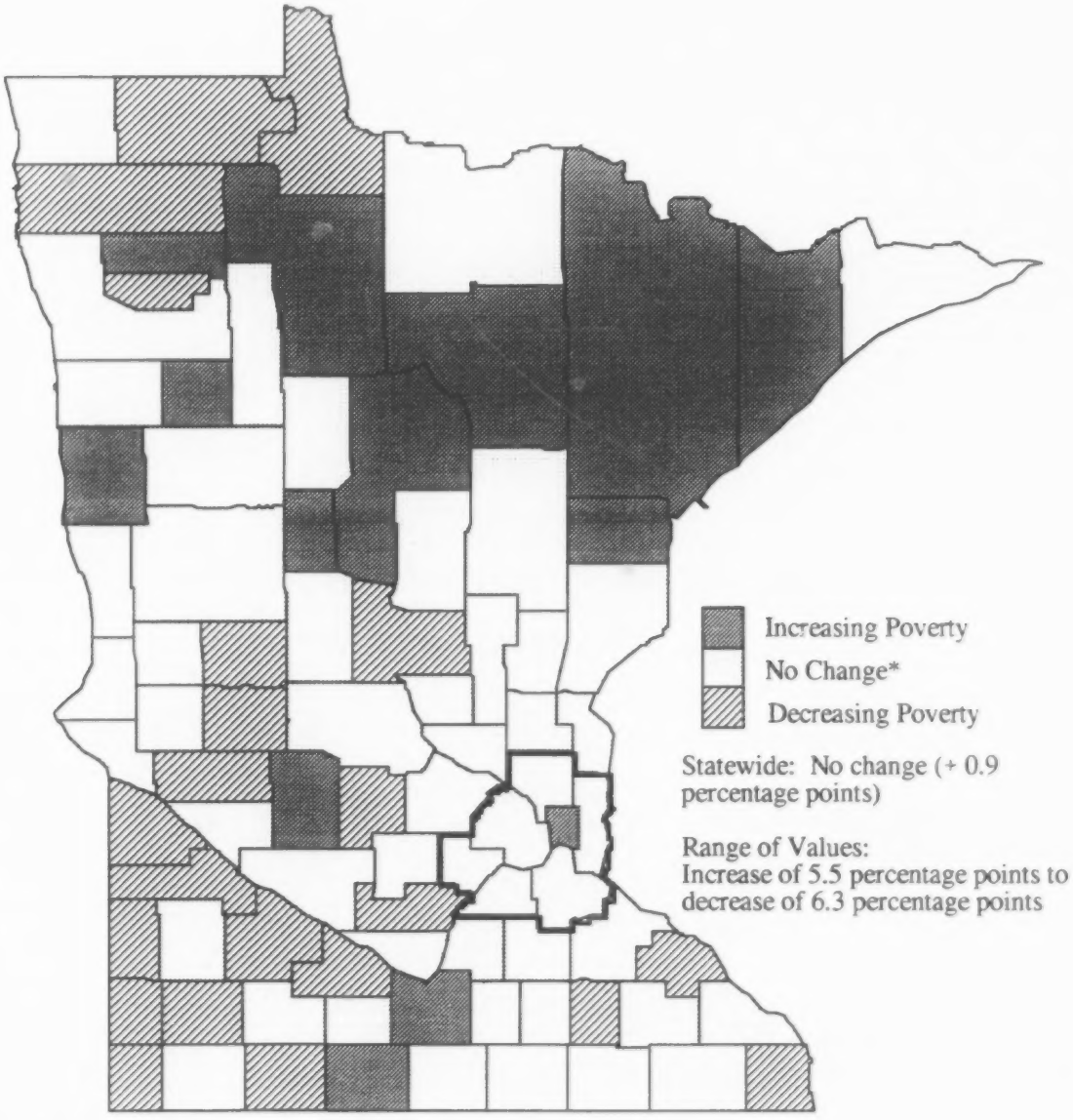
Minnesota's poverty rate increased only slightly during the 1980s. Within the state, however, there were wide variations.

Changes Statewide

The pattern of increases or decreases in the poverty rate across Minnesota was erratic, with most counties experiencing relatively little change (Figure 3-11). Very generally, poverty increased in northern Minnesota, remained unchanged in the east, and decreased in the agricultural west. Hennepin and Ramsey Counties ranked 72nd and 78th, with increases in the poverty rate of 1.8 percent and 3.3 percent, respectively. Many of the counties that did better were able to improve because they had hit bottom in 1979. For example, the five counties with the biggest improvement in poverty rate all had 1979 poverty rates approaching 20 percent (Table 3-12). Even with decreases in the poverty rate, however, their median household incomes were still quite low in 1989 by metropolitan standards, and were all below the outstate median.

The declining fortunes of the Iron Range contributed to the increase in poverty in northeastern Minnesota, and many counties with higher poverty rates in 1989 were composed, in large part, of Indian reservations. The poverty rates among Indians increased sharply during the 1980s (see Part V: Race, Income, and Poverty).

Figures 3-11: Change in Poverty Rates, Minnesota Counties


Increasing Poverty
No Change*
Decreasing Poverty
Statewide: No change (+ 0.9 percentage points)
Range of Values:
Increase of 5.5 percentage points to decrease of 6.3 percentage points

*A difference of 2% or less between 1979 and 1989 was considered to be "no change."

Sources: *1980 Census*, STF-3, Table 91; *1990 Census*, STF-3, Table P117.

Table 3-12: Change in Poverty Rates for Five Most Improving and Deteriorating Counties, 1979–1989

County	Change in Percent, 1979-89	Rank	Percent Below Poverty Level 1989	Percent Below Poverty Level 1979	MHI, 1989
Improving					
Lake of the Woods	- 6.3	1	10.6	17.0	$24,383
Lincoln	- 6.3	2	15.8	22.1	19,211
Pipestone	- 4.9	3	14.8	19.7	20,737
Jackson	- 4.5	4	11.7	16.3	23,157
Red Lake	- 4.5	5	15.1	19.6	19,926
Deteriorating					
Saint Louis	+ 4.9	83	14.2	9.2	24,093
Pennington	+ 5.1	84	16.3	11.2	21,571
Lake	+ 5.1	85	9.5	4.4	23,478
Itasca	+ 5.2	86	15.8	10.6	22,442
Blue Earth	+ 5.5	87	18.5	13.0	25,366

Note: MHI—median household income.

Source: *1980 Census*, STF-3, Table 90; *1990 Census*, STF-3, Tables P80a, P118.

Changes within the Twin Cities

The 1980s saw a deepening of poverty in the core poverty areas and an expansion of poverty into some central-city neighborhoods and first-ring suburbs (Figure 3-12). Most Twin Cities suburbs saw little or no change in their poverty rates; only a few areas, either rural townships on the periphery of the metropolitan area or some recently renovated central-city neighborhoods, saw noticable decreases in the poverty rate.

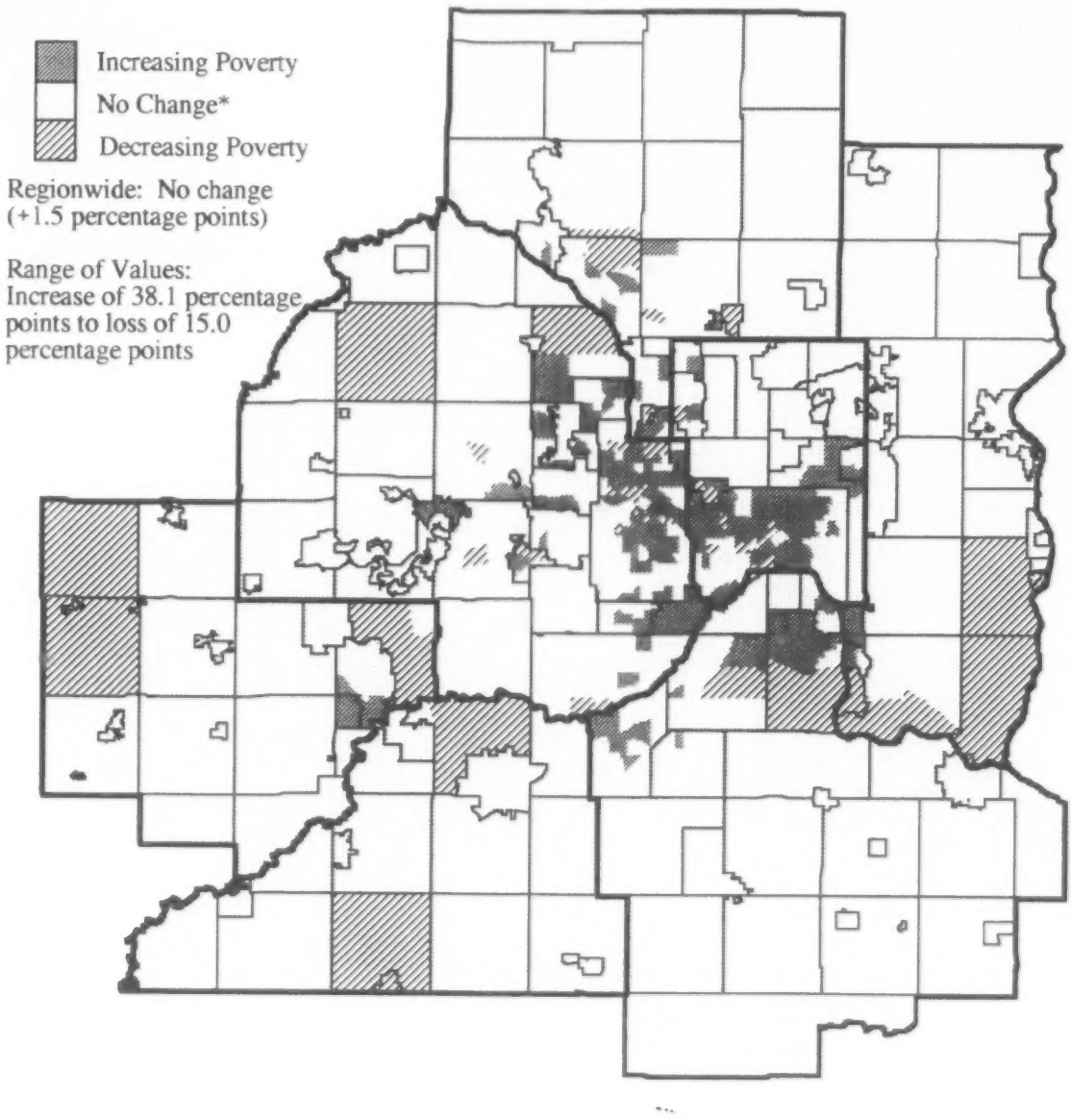
Many central city census tracts saw big improvements in their poverty rates during the 1980s (Table 3-13). Construction of middle- and upper-income housing, along with the demolition of low-income housing, probably was the driving force behind the improvements of the central-city downtowns. Meanwhile, many of the already poor census tracts on the periphery of the two downtowns (e.g., the Near North Side, Phillips, and Summit-University neighborhoods) further deteriorated during the 1980s. Three of the five highest poverty census tracts in 1989 (Table 3-10), for example, experienced increases in the poverty rate of twenty or more percentage points.

False Poverty Rate Changes

In some cases, an increase or decrease in the total population may have affected the poverty rate, despite changes in the number of poor persons. Tracts which experienced a large increase in population may have had their poverty rate watered down; the actual number of persons below the poverty level may not have changed significantly or may have even increased, but a large increase in the number of persons above the poverty level resulted in a large apparent improvement. For example, tract 355 (in the Summit-University neighborhood of Saint Paul) had twice as many poor residents in 1989 as in 1979, but its poverty rate declined by ten percentage points due to a much larger increase in the overall population.

Similarly, a large decrease in the overall population may cause a sharp increase in the poverty rate, even if the number of poor people in a census tract does not increase. For example, the poverty rate in tract 61 (in the Phillips neighborhood of Minneapolis) increased by 10 percentage points between 1979 and 1989, from 49 percent to almost 60 percent, despite the fact that the actual number of poor people *decreased* by 70 during the 1980s. The total population, however, decreased by almost 500, which *increased* the concentration of poor people in this already poor census tract.

Figures 3-12: Change in Poverty Rates, Twin Cities Tracts



*A difference of 3% or less between 1979 and 1989 was considered to be "no change."

Sources: *1980 Census*, STF-3, Table 91; *1990 Census*, STF-3, Table P117.

Table 3-13: Change in Poverty Rates and Median Household Income in Ten Most Improving and Deteriorating Twin Cities Tracts, 1979–1989

Census Tract (location)	Change in Percent, 1979 - 1989			Percent of Persons Below Poverty Level		
	Persons BPL	Rank	MHI	1989	1979	MHI, 1989
Improving						
Tract 35 (Downtown Minneapolis)	-13.2	1	+40.3	29.9	43.2	$38,942
Tract 45 (Downtown Minneapolis)	-12.3	2	+66.7	14.7	27.0	19,068
Tract 36 (Riverplace Minneapolis)	-12.1	3	+32.1	11.4	23.5	25,221
Tract 355 (Summit-Univ., Saint Paul)	-10.8	4	+26.2	19.1	29.9	24,884
Tract 328 (Rice Street, Saint Paul)	-7.9	5	+7.3	20.8	28.8	14,643
Tract 420.01 (Falcon Heights)	-7.5	6	+19.1	18.1	25.5	22,264
Tract 58 (Stevens Sq., Minneapolis)	-6.6	7	+11.4	39.3	45.9	8,816
Tract 902 (Mayer/New Germany, Carver County)	-6.0	8	+16.2	5.8	11.8	32,958
Tract 712.03 (Cottage Grove)	-6.0	9	+22.8	3.0	8.9	51,908
Tract 322 (Midway, Saint Paul)	-5.7	10	+18.2	9.7	15.4	27,031
Deteriorating						
Tract 335 (Summit-Univ., Saint Paul)	+23.2	529	-21.1	37.1	13.9	16,167
Tract 330 (Railroad Island, Saint Paul)	+24.8	530	-43.0	42.8	18.0	12,759
Tract 84 (Powderhorn, Mpls)	+25.1	531	-19.9	47.7	22.6	18,906
Tract 34 (Near North Side, Mpls)	+26.9	532	-26.5	76.5	49.7	6,063
Tract 41 (Near North Side, Mpls)	+28.5	533	-37.6	49.2	20.7	15,385
Tract 21 (Near North Side, Mpls)	+29.3	534	-34.4	44.4	15.1	15,469
Tract 42 (Near North Side, Mpls)	+29.4	535	-14.0	68.1	38.8	9,968
Tract 331 (Arcade, Saint Paul)	+30.7	536	-2.1	45.9	15.2	20,000
Tract 83 (Powderhorn, Mpls)	+31.8	537	-30.4	54.2	22.4	12,349
Tract 337 (Summit-Univ., Saint Paul)	+38.1	538	-34.2	60.6	22.5	7,153

Notes: Census tracts with fewer than 100 residents below the poverty level not included. MHI—median household income. BPL—below poverty level.

Source: *1980 Census*, STF-3, Tables 69, 91; *1990 Census*, STF-3, Tables P80a, P118.

Anatomy of Decline: The Case of Tract 337

In this section and the next we attempt to provide some insight into the dynamics of change. We examine two tracts in detail to see what factors led to their decline or improvement. This analysis should shed light on the situation of people living in those areas.

Some tracts with large increases in both overall population and the poverty rate may have gained a large number of new residents who were poor when they arrived, and these new arrivals may have replaced the previous higher-income residents. Tract 337, at the eastern end of Saint Paul's Summit-Dale neighborhood, is an example of such a tract. We admit it is an extreme one: this tract had one of the highest poverty rates, one of the lowest median household incomes, and saw the largest increase in poverty rate of any Twin Cities census tract.

In 1979, most of the residents of tract 337 were above the poverty level, regardless of racial group (Table 3-14). By 1989, however, a majority of the residents were now below the poverty level. The total population increased substantially, due mostly to the arrival of new Black and Asian residents. The number of Blacks and Asians above the poverty level did not change signficantly between 1979 and 1989; the number below the poverty level, however, increased dramatically (five- and seventeen-fold, respectively). The number of Whites above the poverty level decreased by about a third, while the number below almost doubled. The net effect was that tract 337 changed from a White-majority tract with a relatively low poverty rate into a more populous minority-dominated tract with a very high poverty rate. What appears to have happened, then, is that a large number of poor people of all races moved into tract 337 during the 1980s, while some of the existing better-off White residents moved elsewhere—the White flight scenario. In this sense, tract 337 was surprisingly representative of deteriorating census tracts throughout the Twin Cities area. In almost every case where the poverty rate increased substantially between 1979 and 1989, the non-White population below the poverty level increased, while the White population above the poverty level decreased; in effect, poor non-Whites moved in and replaced departing White non-poor people.

Table 3-14: Demographic Changes in Tract 337, Saint Paul, 1979–1989

	Percent Change in Population 1980-90	1979 Persons Above Poverty Level	(%)	1979 Persons Below Poverty Level	(%)	1989 Persons Above Poverty Level	(%)	1989 Persons Below Poverty Level	(%)
Whites	- 2.4	436	(75.2)	144	(24.8)	287	(50.7)	279	(49.3)
Blacks	+ 134.1	155	(69.5)	68	(30.5)	198	(37.9)	324	(62.1)
Asians	+ 257.4	79	(84.0)	15	(16.0)	82	(24.4)	254	(75.6)
TOTAL	+ 42.2	784	(77.5)	227	(22.5)	567	(39.4)	871	(60.6)

Source: *1980 Census*, STF-3, Tables 3, 12, 91; *1990 Census*, STF-3, Tables P3, P8, P119.

Anatomy of Improvement: The Case of Tract 355

The census tracts that improved during the 1980s were much more of a mixed bag than those that deteriorated. Some tracts gained in both poor and non-poor of all races, while in others, poor people of one race were pushed out by better-off in-migrants (often, but not always, of a different race).

Census tract 355, comprising the Ramsey Hill neighborhood of Saint Paul, is an example of an area that improved through an influx of young professionals. In 1979, tract 355 was a strongly White (82 percent) area with a poverty rate of 30 percent. During the 1980s, there was considerable in-migration into this tract (Table 3-15). Most of the newcomers were White, but a sizeable number (over 25 percent of the total gain in population) were non-Whites. Tract 355 gained 1,614 persons between 1979 and 1989; of these, 75 percent were White and 85 percent had incomes above the poverty level; 90 percent of the new Whites and 70 percent of the new non-Whites had incomes above the poverty level. As a result, the poverty rate shrank by ten percentage points, to 20 percent, by 1989. The median household income, although still low by metropolitan standards at $25,000, increased by a healthy 26 percent.

The Ramsey Hill neighborhood was dominated by relatively young, non-family households. In 1989, a full 25 percent of all households were non-family households headed by a person aged 25 through 34. Another 17 percent were non-family households headed by a person aged 35 through 44. Only 31 percent of all households were families. The tract's relatively low median household income further reinforces the image of this tract as a place for young people entering the workforce.

Table 3-15: Demographic Changes in Tract 355, Saint Paul, 1979–1989

		1979				1989			
	Change in Population 1980-90	Persons Above Poverty Level	(%)	Persons Below Poverty Level	(%)	Persons Above Poverty Level	(%)	Persons Below Poverty Level	(%)
Whites	+ 1,180	436	(77.2)	129	(22.8)	1,507	(86.4)	238	(13.6)
Non-Whites	+ 434	47	(37.9)	77	(62.1)	357	(63.0)	210	(37.0)
Blacks	+ 231	39	(52.7)	35	(47.3)	249	(81.6)	56	(19.4)
TOTAL	+ 1,614	483	(70.1)	206	(29.9)	1,864	(80.9)	439	(19.1)

Source: *1980 Census*, STF-3, Tables 3, 12, 91; *1990 Census*, STF-3, Tables P3, P8, P119.

During the 1980s, there was an explosion of new housing units in tract 355. Renter-occupied units, the dominant housing type at 60 percent of all units, more than doubled, while owner-occupied units increased by five times (from 76 to 408). Many of the new owner-occupied units were probably townhouses or condominiums—affordable housing for the many young professionals who bought their first home in this area.

Summary

Minnesota moved toward the average relative to the rest of the nation during the 1980s, as its poverty rate increased faster than that of the United States as a whole. Most of the more than 60,000 new poor persons in the state were in the Twin Cities area. Moreover, 48,000 of these Twin Cities poor were the very poor, with incomes below 75 percent of the poverty level. These are the fastest growing component of the state's poor population. Contrary to popular belief, a relatively small proportion of these new poor persons moved into the Twin Cities area from other states. In fact, if the experience of the two central cities is any guide, most lived in the same city for at least five years prior to the 1990 Census. The poverty rate in Minnesota was higher for women than for men, and was higher for children, young adults, and the elderly than it was for working-age adults in their peak earning years.

Poverty was generally more prevalent in outstate Minnesota than it was within the Twin Cities area. Below the county level, however, the picture changed; although the outstate area as a whole had a disproportionate share of the state's very poor and extremely poor population, some of the worst and most concentrated pockets of poverty in the state were within the Twin Cities area, in neighborhoods surrounding the central business districts of Minneapolis and Saint Paul. These neighborhoods also contained a large proportion of the Twin Cities' extremely poor, those with incomes below 50 percent of the poverty level. One-quarter of all Twin Cities residents were marginally poor. They had incomes 200 percent or less of the poverty level. Except in a narrow band of prosperous second- and third-ring suburbs, at least 10 percent of the residents of most Twin Cities area municipalities lived within sight of the poverty level.

Statewide, there was little change from county to county in the poverty rate between 1979 and 1989. Northeastern Minnesota deteriorated, while parts of western and northwestern Minnesota improved. The corridor of counties running from Rochester and southeastern Minnesota up through the Twin Cities to Saint Cloud and north-central Minnesota did not change. Within the Twin Cities area, however, many central-city neighborhoods and first-ring suburbs deteriorated, while a few third-ring suburbs and exurban townships improved. The poverty rate in most Twin Cities municipalities, however, did not change by more than 3 percent.

Part IV: Household Types and Poverty

Introduction: Household Types

Census users frequently bypass household data and focus on the poverty status of individuals. In the late 1980s, however, a growing debate over the family, morality, and welfare was centered on the connection between particular household types and poverty status of individuals. Is there a connection between living arrangements and poverty? What is the impact of kids on a family's poverty status? How do elderly households compare to working-age households?

In this chapter, we examine variations in the poverty rate among different types of households. We discover that the conventional wisdom about the connection between living arrangements and poverty status seems to be true. Different types of households were more or less susceptible to poverty. In general, single-parent families and non-family households (mostly single persons, often elderly) did worse than average. Married-couple families, with two potential wage-earners, did better than average. Outstate, all types of households were worse-off than their metro counterparts.

Types of Families and Households

A household, very simply, is those persons who live in a separate housing unit. Members of a household live and eat separately from any other household. The census defines anyone not living in a household as living instead in group quarters. The census does not collect income and poverty data for people living in group quarters.

All households are identified as either family or non-family households. A *family household* is one in which members are related to the householder by birth, marriage, or adoption. The *non-family household* can be either a single person living alone or with other unrelated individuals in the same house (e.g., roommates). Of the 287,680 non-family households in the Twin Cities area in 1990, 80 percent contained a single person. The remaining 20 percent of these households were roommates living together and averaged 2.3 persons per household.

This report has consolidated the household types defined by the census into four groups:

- *Married-couple families* (with or without children)
- *Single-parent families*: one adult with at least one related child under age 18
- *Other families*: an unmarried adult living with one or more relatives (e.g., a parent, cousin, sister, or brother) and without any related children under age 18
- *Non-family households*

Unrelated individuals sometimes live in a family household, but are not part of the family. The proportion of these persons in the population is very small and they are not discussed in this report.

Presence of Children

The census provides data on poverty status not only for different family types, but divides these groups according to whether or not there are children in the family. The census differentiates families by the age(s) of the children, into the following three groups:

- Families that have only very young children, under age 5
- Families that have only older children, ages 5 through 17 years
- Families that have both very young and older children

The census does not provide summary data on the number of families above or below the poverty level by the number of children present (e.g., number of families with three children below the poverty level); presumably the more children a family has, the worse off it is at any given level of income. Families in the third category above (families with both younger and older children), however, have at least two children.

Age of Householder

Another way of classifying households is by the age of the householder. The *householder* is the person in the household who filled out the census questionnaire; the Census Bureau treats this person as the head of the household. The census provides information on both income and poverty status by age of householder (further divided by type of household); Table 1-11 and Figure 1-6 are examples of median household income reported by the age of the householder. Census users often make certain assumptions about the composition of the household based on the age of the householder. For example, a married-couple family with a householder aged 65 through 74 years is presumably composed of an elderly man and an elderly woman. The actual composition of this family, however, can only be guessed at. This family could also consist of an elderly householder and a younger spouse who is still working.

A Final Note: Data Dates

Most information about households is reported for 1990 (at the time of the actual enumeration: April 1). Income and poverty information, including poverty status by household type, is reported for 1989. Household composition could have changed between the two periods by marriage, birth, taking on roommates, etc. In any case, we have marked the dates of the data in our text, tables, and figures.

Prevalence of Household Types

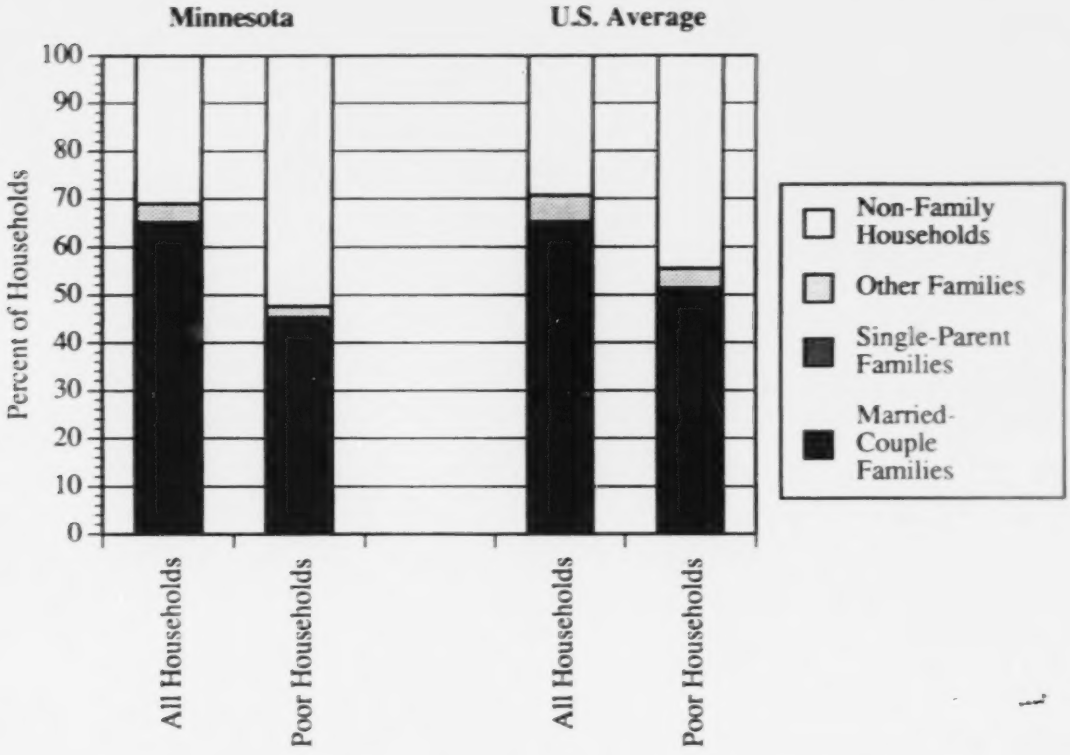
Minnesota and the nation as a whole were similar in that: married-couple families were the dominant household type, but single-parent families and non-family households were the dominant poor household types (Figure 4-1, Table 4-1).

Table 4-1: Household Types as a Percent of all Households and Poor Households in Minnesota and United States, 1989

	Minnesota		United States	
Household Type	Percent of all Households	Percent of Poor Households	Percent of all Household	Percent of Poor Households
Married-couple families	58.1	21.8	56.2	24.4
with children	29.0	13.1	27.5	15.7
without children	29.1	8.7	28.8	8.7
Single-parent families	7.7	23.5	9.0	27.0
Other families	4.6	2.4	5.5	4.1
Non-family households	32.9	52.3	29.3	44.5
one-person households	25.3	41.5	24.4	37.1
multi-person households	7.5	10.9	4.9	7.4
TOTAL	100	100	100	100

Source: *1990 Census*, STF-3, Tables P123, P127.

Figure 4-1: Household Types and Poverty Status, Minnesota vs. United States



Source: *1990 Census*, STF-3, Tables P123, P127.

Married-couple families made up more than 50 percent of all households, but 25 percent of the number of households below the poverty level. Non-family households (and in particular persons living alone) composed the largest proportion of poor households. Although less than 10 percent of all households in either Minnesota or the United States are single-parent families, they form a full 25 percent of all poor households. Non-family households and single-parent families together comprise only 40 percent of all households in Minnesota and the United States, but they are a hugely disproportionate 75 percent of all poor households. This became the focus of much debate over welfare and social responsibility in the early 1990s.

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Overall, Minnesota's proportions of household types in 1989 were very similar to those for the United States. Minnesota had slightly more married-couple families than the nation as a whole; these tended to be slightly better off than their counterparts in the remainder of the country. Minnesota also had a slightly larger proportion of non-family households, particularly of unrelated persons sharing living quarters. The majority of all poor households in Minnesota were non-family households, while nationally they comprised only a plurality (a still substantial 44 percent).

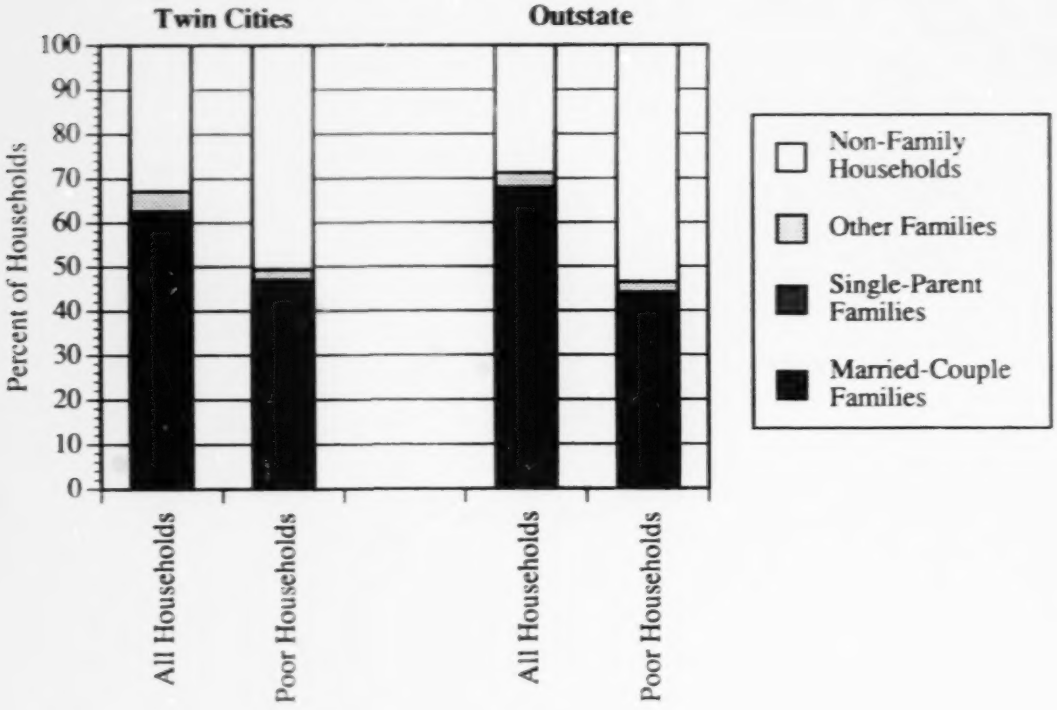
Non-family households were the most common household type below the poverty level. A large proportion of these were headed by a householder aged 65 or older. Almost half—45 percent—of Minnesota non-family households below the poverty level were elderly households. In the Twin Cities area, a third of all poor non-family households are elderly, as were slightly more than half of all poor outstate non-family households. (See Table 4-14, at the end of this chapter, for more details on the proportions of elderly households.)

Twin Cities–Outstate Differences

The differences between the Twin Cities and outstate Minnesota were substantially more marked than those between Minnesota and the national average (Figure 4-2 and Table 4-2). Married-couple families comprised a much larger proportion of all outstate households than of Twin Cities households, and a substantially larger proportion of outstate poor households were married-couple families. In both the Twin Cities and the outstate area, however, non-family households were the dominant type of poor household. Persons living alone comprised, by far, the largest group of poor households outstate.

In the Twin Cities, the outstanding feature among poor households was the extremely disproportionate presence of single-parent households. Over 80 percent of all single-parent families are headed by women). Only 8 percent of all Twin Cities households were single-parent families; however, 32 percent of all households below the poverty level were single-parent families, four times their proportion in the population at large and twice the proportion of poor outstate single-parent families. In summary, then, the distinguishing features of Twin Cities poverty were single-parent families and persons living alone. The outstate poor households, in contrast, somewhat more closely reflected the population at large, in particular by the lesser representation of single-parent families and the much greater presence of married-couple families. Single-parent households were not better off outstate. Instead, everyone was worse off, making outstate poverty more of a danger for all types of households. For nearly every household type, outstate poverty rates are twice the rate for the Twin Cities (see Table 4-5, later in this chapter). The outstate area, despite having more than 100,000 fewer households than the Twin Cities, had almost 40,000 more poor households (Table 4-2). In every household type except single-parent families, the outstate area had more poor households than the Twin Cities, even though the Twin Cities area had more total households in every category (except childless married-couple families) than the outstate area.

Figure 4-2: Household Types and Poverty Status, Twin Cities vs. Outstate



Source: *1990 Census*, STF-3, Tables P123, P127.

Table 4-2: Household Types as a Percent of all Households and Poor Households in Twin Cities and Outstate, 1989 (absolute numbers of households in parentheses)

	Twin Cities		Outstate	
Household Type	Percent of all Households	Percent of Poor Households	Percent of all Households	Percent of Poor Households
Married-couple families	54.9	14.7	61.9	26.4
	(480,387)	(10,086)	(478,266)	(27,777)
with children	27.8	10.0	30.4	15.1
	(243,476)	(6,898)	(234,741)	(15,917)
without children	27.1	4.6	31.5	11.3
	(236,911)	(3,188)	(243,525)	(11,860)
Single-parent families	7.7	32.3	6.0	17.8
	(67,789)	(22,214)	(46,268)	(18,672)
Other families	4.6	2.4	3.4	2.4
	(39,977)	(1,638)	(25,894)	(2,501)
Non-family households	32.9	50.6	28.8	53.4
	(287,680)	(34,835)	(222,564)	(56,166)
one-person households	25.3	38.2	24.6	43.6
	(221,862)	(26,284)	(190,052)	(45,856)
multi-person households	7.5	12.4	4.2	9.8
	(65,818)	(8,551)	(32,512)	(10,310)
TOTAL	100	100	100	100
	(875,833)	(68,773)	(772,992)	(105,116)

Source: *1990 Census*, STF-3, Tables P122, P123, P127.

Geographic Distribution: The Twin Cities

The majority of all poor Minnesota households were located in the outstate area, but they were widely scattered. In contrast, the majority of poor Twin Cities households, regardless of type, were concentrated in the two central cities. Over the decade poor families became slightly more concentrated in the central cities, while non-family households became less concentrated.

In 1989, 59 percent of all Twin Cities poor households lived in either Minneapolis or Saint Paul (Table 4-3); 56 percent of all poor families and 62 percent of all poor non-family households lived in the central cities. There are several possible explanations for the concentration of poverty in the central cities:

- *Transportation.* Many poor persons rely upon public transportation, which is more readily available and has more comprehensive coverage in the central cities.
- *Housing.* More low-cost housing units are available in the central cities than in the suburbs, and more subsidized housing is available in the central cities.
- *Social services.* Poor people living in the central cities have easy access to necessary services. Many social service agencies are located in central city neighborhoods.

The proportion of Twin Cities households located in Minneapolis and Saint Paul declined between 1979 and 1989 due to strong suburban growth in the metropolitan area. Although the total number of households in the central cities actually increased by almost 2,800 (from 268,348 to 271,139, a 1 percent increase) during the 1980s, the total number of households outside the central cities increased at a much faster rate, 33.2 percent (from 453,813 to 604,694). Similarly (and surprisingly), the central cities' proportion of poor households has decreased as well. Although poor families were more concentrated in the central cities in 1989, the larger category (in absolute numbers) of poor non-family households was less concentrated.

Poor families were more concentrated in the two central cities in 1989 than in 1979: 56 percent of all metropolitan area poor families lived in the two central cities in 1989, an increase of three percentage points over 1979. Although the proportion of female-headed single-parent families living in the two cities was relatively constant, the absolute numbers of *poor* female-headed single-parent families increased by over 4,400. This means that, despite a large increase in absolute numbers of poor female-headed single parents in the two central cities, there was an almost equally large increase in this family type outside the central cities. Furthermore, since the concentration of poor families overall increased by over three percentage points, while the proportion of female-headed single-parent families increased by only two-tenths of a percentage point, another family type must have accounted for most of the increase in the concentration of poor families in the central cities—poor married-couple families.

Table 4-3: Central Cities Households Below and Above Poverty Level as a Percent of Metropolitan Households, 1979 and 1989, and Saint Paul by Household Type, 1979 and 1989 (absolute numbers of households in parentheses)

	Percent of Households Below the Poverty Level			Percent of Households Above the Poverty Level		
Household Type	1979	1989	Change*	1979	1989	Change*
Families	52.5	55.6	+ 3.1	28.5	22.2	- 6.3
	(12,710)	(18,858)	(+ 6,148)	(135,962)	(122,863)	(- 13,099)
Female-headed single-parent families	56.8	57.0	+ 0.2	38.6	32.4	- 6.2
	(7,115)	(11,525)	(+ 4,410)	(11,377)	(11,460)	(+ 83)
Non-family households**	68.0	62.1	- 5.9	51.9	42.6	- 9.3
	(21,129)	(21,617)	(+ 488)	(98,547)	(107,801)	(+ 9,254)
All households	61.2	58.9	- 2.3	35.2	28.6	- 6.6
	(33,839)	(40,475)	(+ 6,636)	(234,509)	(230,664)	(- 3,845)

* Change in absolute numbers and change in percent (not percent change).

** In this table, poverty status of non-family households actually reflects the poverty status of the non-family householder, not of all persons living in that household. The census individually determines the poverty status of each person living in a non-family household based on his/her individual income.

Notes: Data provided is for female-headed single-parent families instead of all single-parent families because the 1980 Census did not report poverty status for male-headed single-parent families. Most Twin Cities single-parent families (both above *and* below the poverty level), however, are female-headed: 87% in 1980 and 82% in 1990. Source: *1980 Census*, STF-3, Table 20; *1990 Census*, STF-3, Table P19.

Source: *1980 Census*, STF-3, Tables 86, 89; *1990 Census*, STF-3, Tables P123, P127.

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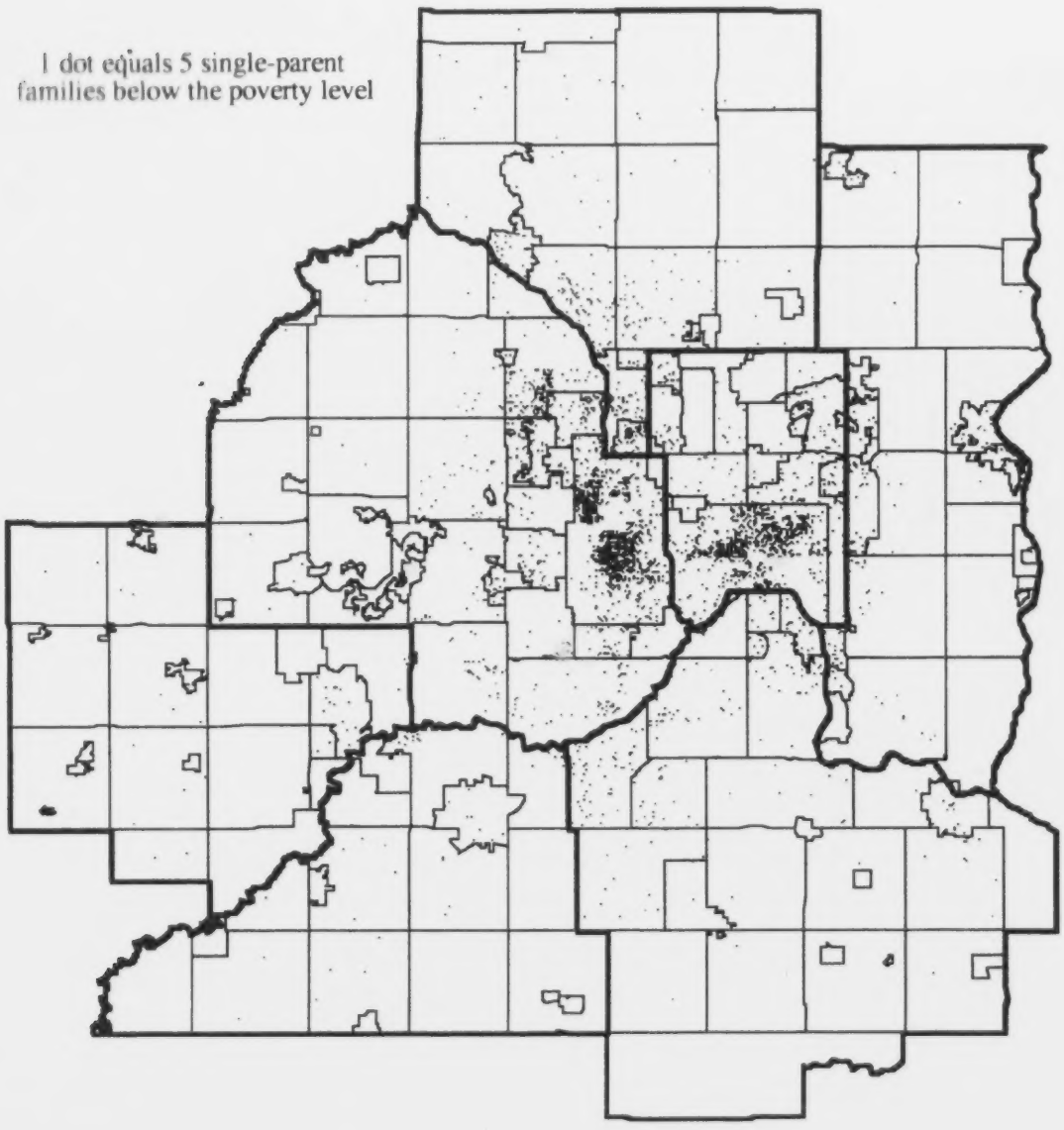
Poor non-family households, however, were slightly less concentrated in the central cities in 1989 than in 1979, although in both years the majority lived in Minneapolis or Saint Paul. In 1979, 68 percent of the 220,991 Twin Cities non-family households lived in the central cities, decreasing to 62 percent (of 287,680 total) in 1989. The actual numbers of central-city non-family households, both above and below the poverty level, increased during the 1980s, by 9.4 percent and 2.3 percent, respectively. The numbers of suburban non-family households, however, increased at a much faster rate. Poor non-family households living in the suburbs increased by almost 33 percent from 9,952 in 1979 to 13,218 in 1989. Suburban non-family households above the poverty level increased from 91,363 in 1979 to 145,044 in 1989, a gain of almost 60 percent. Non-family households were one of the fastest-growing household types in the Twin Cities during the 1980s, as young people deferred family-building to wait for more economically stable times. Non-family households increased both in the central cities and in the suburbs, but increased much faster in the latter, resulting in a decrease in the proportion of metropolitan area poor non-family households in the central city even though the absolute numbers increased.

Within the central cities, poor households, regardless of type, were concentrated in the traditional core poverty areas: near north and south Minneapolis and several clusters around downtown Saint Paul. Household types with children (e.g., single-parent families) were especially concentrated in these areas (Figure 4-3). Poor single-person households without children were somewhat more evenly dispersed throughout the Twin Cities area, although concentrations in the core poverty areas were still evident (Figure 4-4).

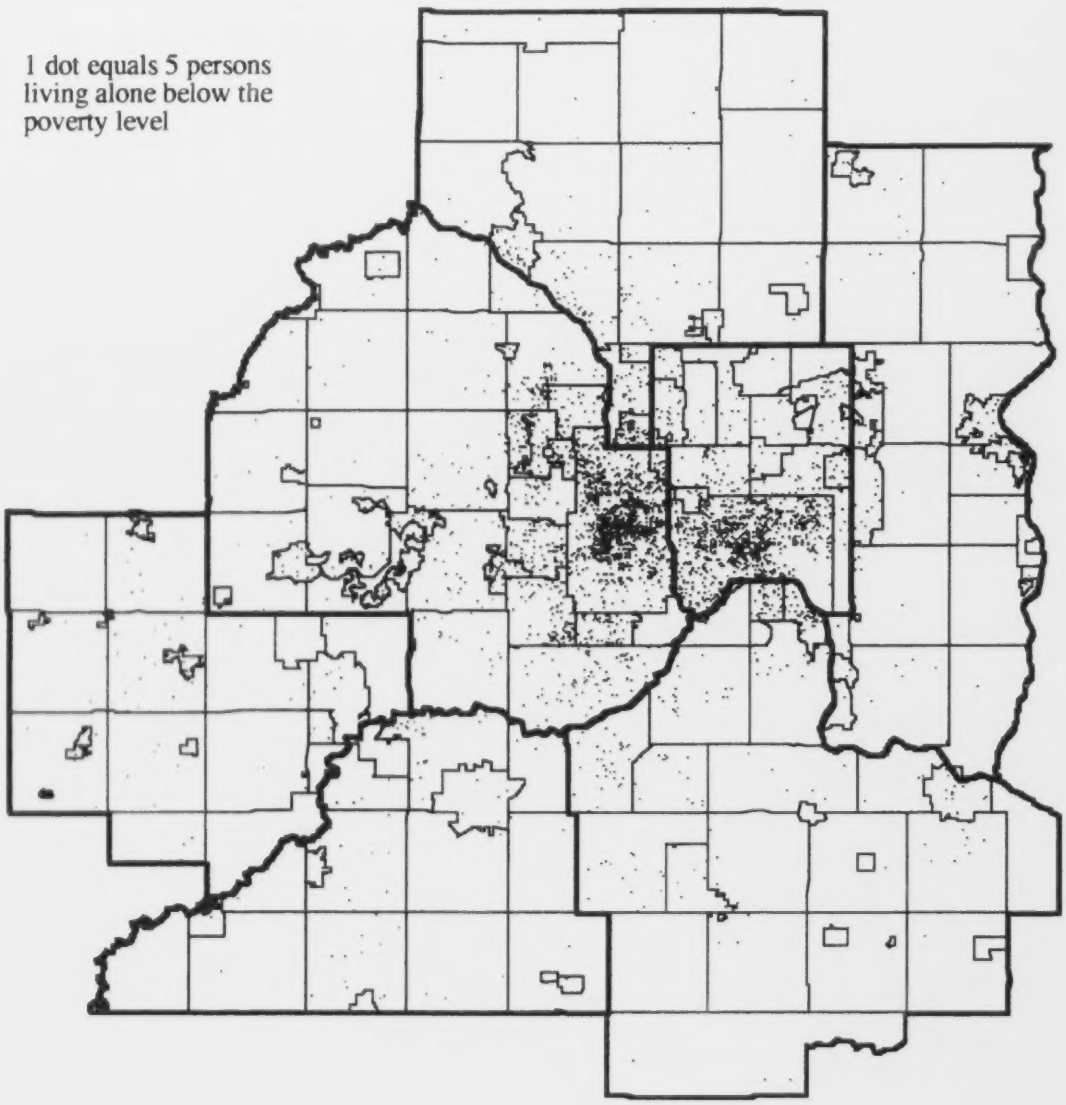
Figure 4-3: Number of Poor Single-Parent Families, Twin Cities Tracts



Note: In 1989, 22,214 Twin Cities single-parent families were below the poverty level.

Source: *1990 Census*, STF-3, Table P123.

Figure 4-4: Number of Poor Single-Person Households, Twin Cities Tracts



Note: In 1989, 26,284 persons aged 15 and older living alone in the Twin Cities area were below the poverty level.

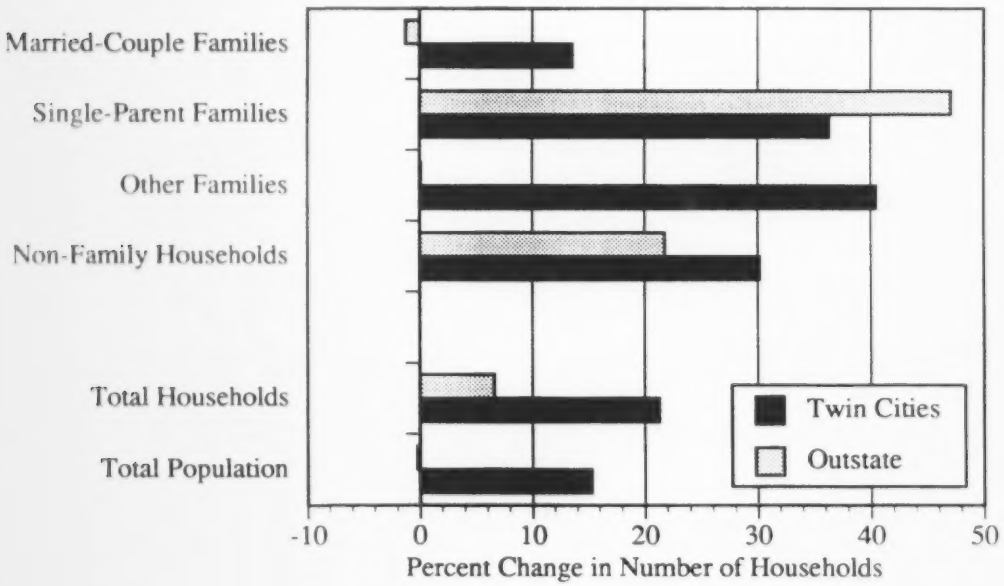
Source: *1990 Census*, STF-3, Table P127.

Changes in Households by Type, 1980–1990

The two household types that had the highest poverty rates—single-parent families and non-family households—increased at a much higher rate than did households overall (Figure 4-5, Table 4-4).

In the Twin Cities, the number of households increased by over 20 percent between 1980 and 1990, significantly faster than the growth in population. This indicates the formation of a greater number of smaller households (i.e., more persons living alone or smaller families), which individually would have less earning power than the traditional married-couple family. The number of "other families," single-parent families, and non-family households grew substantially faster than did households overall. Married-couple families, in contrast, increased at a slower rate than did the number of households overall.

Figure 4-5: Growth or Decline of Various Household Types, 1980–1990, Twin Cities vs. Outstate



Sources: *1980 Census*, STF-3, Tables 3, 10, 20; *1990 Census*, STF-3, Tables P1, P5, P19.

Table 4-4: Number and Percent Change of Household Types in Twin Cities and Outstate, 1980–1990

	Twin Cities		Outstate	
Household Type	Total Number of Households, 1990	Percent Change	Total Number of Households, 1990	Percent Change
Married-couple families	480,387	+ 13.5	478,266	- 1.3
with children	239,351	+ 3.5	231,460	- 10.8
without children	241,036	+ 25.7	246,806	+ 9.7
Single-parent families	**63,396**	**+ 36.4**	**44,074**	**+ 47.1**
Other families	44,370	+ 40.5	28,088	+ 0.1
Non-family households	**287,680**	**+ 30.2**	**222,564**	**+ 21.8**
one-person households	221,862	+ 25.5	190,052	+ 19.8
multi-person households	65,818	+ 48.8	32,512	+ 34.7
TOTAL HOUSEHOLDS	875,833	+ 21.3	772,992	+ 6.6
TOTAL POPULATION (persons)	2,288,721	+ 15.3	2,086,378	- 0.2

Note: High-poverty household types are marked in **boldface** type.

Source: *1980 Census*, STF-3, Tables 3, 20; *1990 Census*, STF-3, Tables P3, P19.

Outstate, the same general trends occurred, but with some significant differences in the details. The number of married-couple families actually decreased; the number with children declined by over 10 percent. The number of single-parent families, meanwhile, increased by nearly 50 percent, and the number of non-family households increased by over 20 percent. The total number of households increased by only 6.6 percent, while the population of the outstate area actually declined by over 200,000 persons, again indicating the formation of a greater number of smaller households.

Poverty Rates by Household Type

Regardless of their location, single-parent households were the most likely to be below the poverty level (Table 4-5 and Figure 4-6). Married-couple families, particularly those without children, were the least likely to be impoverished. Overall, the proportion of households in poverty ranged around 10 percent.

Table 4-5: Percent of Households Below the Poverty Level by Household Type, 1989

Household Type	Minnesota	U.S. Average	Twin Cities	Outstate
Married-couple families	4.0	5.5	2.1	5.8
with children	4.8	7.3	2.8	4.8
without children	3.1	3.8	1.4	4.9
Single-parent families	35.9	38.2	32.8	40.4
Other families	6.3	9.5	4.1	6.3
Non-family households*	17.8	19.3	12.1	25.2
one-person households	17.5	19.4	11.9	24.1
multi-person households*	19.2	19.1	13.0	31.7
All households	10.6	12.7	7.9	13.6

* The poverty rate for multi-person non-family households is measured by householder, not household. Poverty status is determined separately for each member of a multi-person non-family household. For this table, only the poverty rate of the householder of multi-person non-family households is included. In 1989, there were 98,330 multi-person non-family households in Minnesota, of which 18,861 had a poor householder. Of the 125,210 Minnesotans living in these households who were not householders (i.e., were roommates), 39,386 (or 31%) were poor.

Source: *1990 Census*, STF-3, Tables P123, P127.

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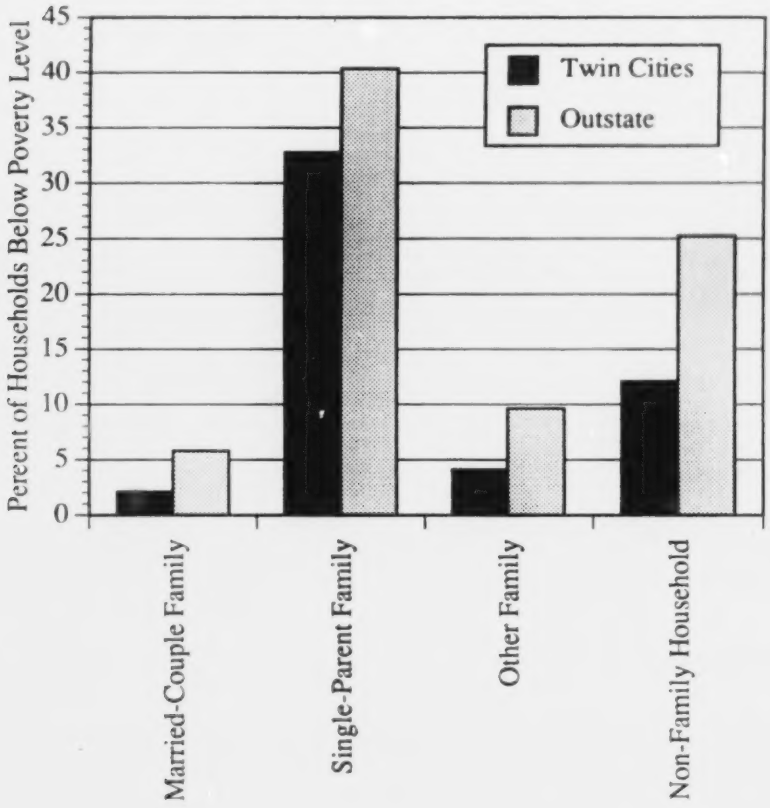
Figure 4-6: Poverty Rates by Household Type, Twin Cities vs. Outstate



Source: *1990 Census*, STF-3, Tables P123, P127.

Minnesota vs. the United States Average

In nearly all categories, a Minnesota household was slightly less likely to be impoverished than its counterpart elsewhere in the nation. Otherwise, the poverty rates among household types fell into predictable ranks, with single-parent families being the most impoverished and married-couple families the least. The only difference in the relative positions of household types was that one-person households. In Minnesota they were less likely to be poor than multi-person non-family households. In the United States as a whole, however, the situation was reversed: one-person households were slightly more likely to be poor than multi-person households.

Twin Cities–Outstate Differences

In all categories, a Twin Cities household was less likely to be poor than an outstate household (Table 4-5 and Figure 4-6). In contrast to the usually small Minnesota-United States difference, however, outstate households generally experienced a much higher poverty rate than did Twin Cities household types. Outstate married-couple families and non-family households were more than twice as likely to be impoverished as their Twin Cities counterparts. Single-parent families had a high poverty rate in both the Twin Cities and the outstate area, but the outstate rate was eight percentage points higher than the Twin Cities rate.

Changes in Poverty Rates, 1979–1989

Comparison of poverty rates for household types between 1979 and 1989 is difficult due to the incompatibility of the published summary data. For example, the 1980 Census' STF-3 reports poverty rates only for all families and for female-headed single-parent families, in contrast to the much more detailed data on family types provided in the 1990 Census' STF-3 file. Data is available, however, on the change in the relative proportions of household types overall (i.e., for all households, both above and below the poverty level). By using this data, knowing which household types tend to be poor, and assuming that this did not change substantially from 1979, one can get a rough impression of how the composition of poor households has changed over the past decade.

In both the Twin Cities and the outstate area, the proportion of families and non-family householders in poverty declined slightly from 1979 to 1989 (Table 4-6). The proportion of female-headed single-parent families in poverty, however, increased sharply over the same period. Outstate female-headed single-parent families increased by ten percentage points between 1979 and 1989.

Table 4-6: Change in Percent of Households Below the Poverty Level by Household Type for Minnesota, Twin Cities and Outstate, 1979 and 1989

	Minnesota		Twin Cities		Outstate	
	1979	1989	1979	1989	1979	1989
All families	7.0	5.8	4.8	4.1	9.1	7.5
Female-single-parent families	31.8	40.0	29.8	36.4	35.1	45.5
Non-family households*	19.6	17.8	14.1	12.1	26.2	25.2

* In this table, the poverty rate of non-family households is actually the poverty rate for non-family householders. Other unrelated persons living in multi-person non-family households are not represented in this table. The census individually determines the poverty status of each person living in a non-family household based on his or her individual income. In the 1989 Census, 80 percent of the 641,464 Minnesotans living in non-family households were householders, so the poverty rate given above excludes the 20 percent who were not householders.

Source: *1980 Census*, STF-3, Tables 86, 89; *1990 Census*, STF-3, Tables P123, P127.

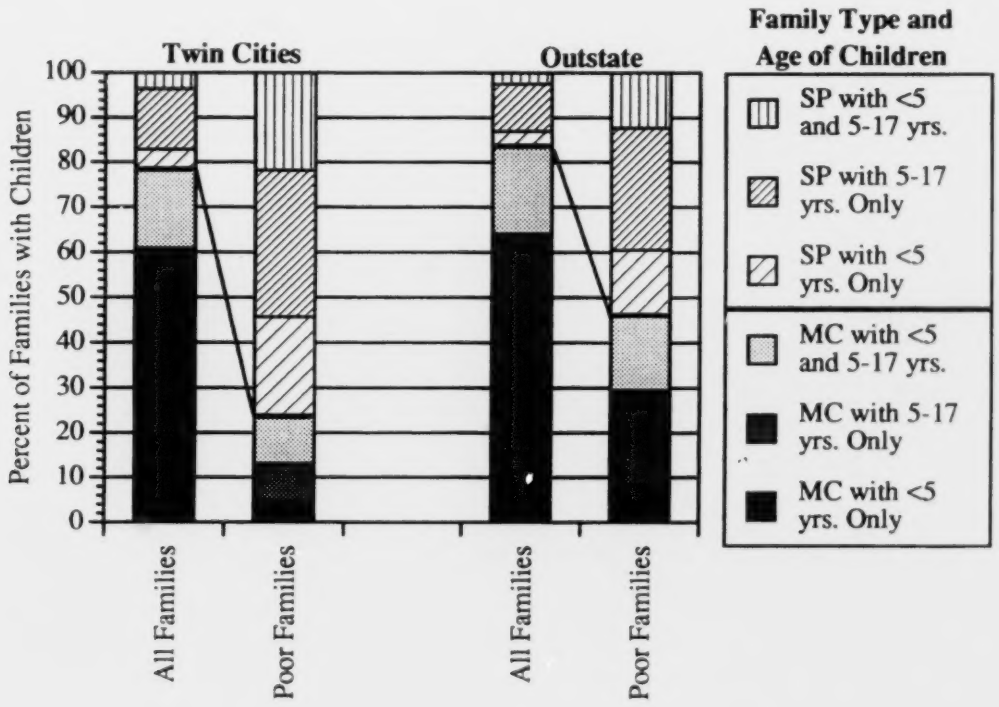
Children and Poverty

In 1989, over 142,000 of Minnesota's 1.1 million children were living in poverty. Family type plays an important role in determining whether a child will grow up poor or not. Single-parent families had poverty rates as much as twenty times higher than married-couple families with children of the same age, depending on the location of the family and the age of the children. We most often looked at the issue of children in poverty not only in terms of the children themselves—how many children lived below the poverty level—but also in terms of the families of which they are a part—how many families with children lived below the poverty level.

Composition of the Poor

Single-parent families were only a small proportion of all the families with children, but they comprised a majority of the families with children below the poverty level in both the Twin Cities and outstate areas (Figure 4-7, Table 4-7). Single-parent families made up a particularly large proportion of poor families with children in the Twin Cities area; three-quarters of all families below the poverty level with children are single-parent families. In contrast, outstate married-couple families were a much larger proportion of the families with children below the poverty level.

Figure 4-7: Poverty Status of Families by Number of Parents and Age of Children, Twin Cities vs. Outstate



Note: Thick line on bars indicates boundary between overall married-couple family (MC) and single-parent (SP) family proportions.

Source: *1990 Census*, STF-3, Table P123.

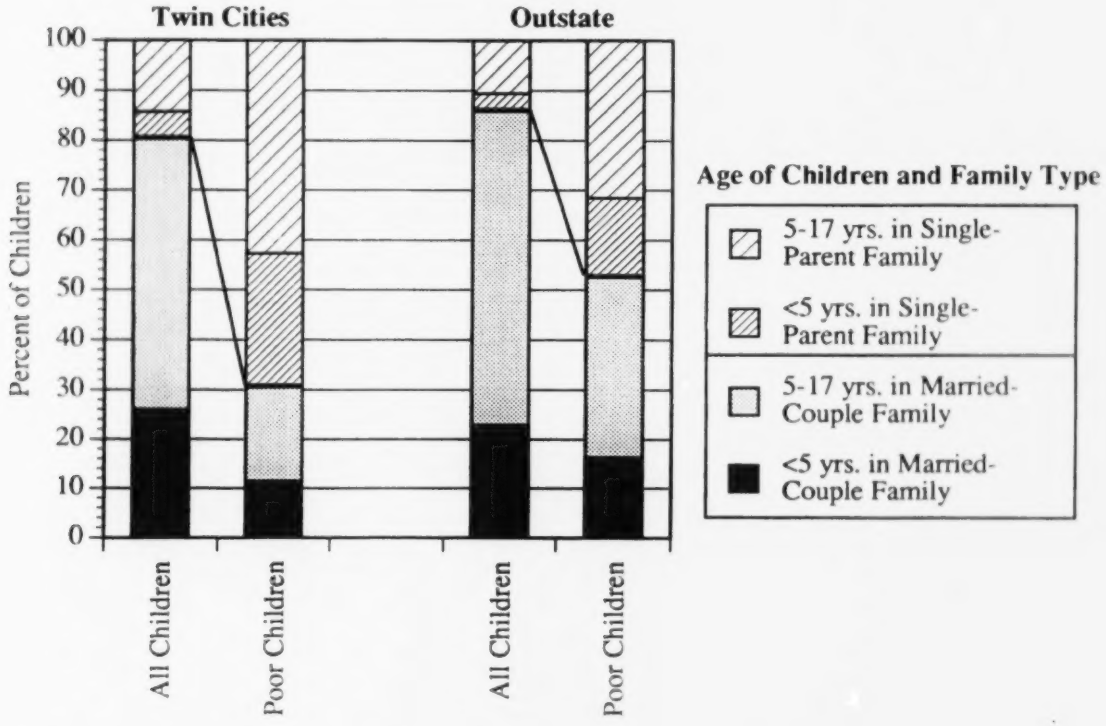
Table 4-7: Types of Families with Children as a Percent of all Families with Children and Families Below the Poverty Level with Children for Twin Cities and Outstate, 1989 (absolute numbers of families with children are given in parentheses)

Family Type and Age of Children	Percent of all Families with Children		Percent of all Poverty Families with Children	
	Twin Cities	Outstate	Twin Cities	Outstate
Married-couple families with children	78.2	83.5	23.7	46.0
	(243,476)	(234,741)	(6,898)	(15,917)
with children < 5 only	17.9	19.8	4.7	8.4
	(61,534)	(44,285)	(1,364)	(2,897)
with children 5-17 years only	41.1	48.4	8.5	21.2
	(127,802)	(135,856)	(2,475)	(7,325)
with children < 5 and 5-17	17.4	19.4	10.5	16.5
	(54,140)	(54,600)	(3,059)	(5,695)
Single-parent families	21.8	16.5	76.3	54.0
	(67,789)	(46,268)	(22,214)	(18,672)
with children < 5 only	4.6	3.4	22.0	14.5
	(14,239)	(9,584)	(6,390)	(5,005)
with children 5-17 years only	13.6	10.6	32.5	27.2
	(42,233)	(29,703)	(9,463)	(9,412)
with children < 5 and 5-17	3.6	2.5	21.8	12.3
	(11,317)	(6,981)	(6,361)	(4,255)
All families with children	100	100	100	100
	(311,265)	(281,009)	(29,112)	(34,589)

Source: *1990 Census*, STF-3, Table P123.

The results are much the same if this issue is analyzed in terms of children instead of families (Figure 4-8). The vast majority of all children lived in married-couple families (Table 4-8). A much larger proportion of *poor* children, however, lived in single-parent families; indeed, in the Twin Cities a majority of the children below the poverty level lived in single-parent families. Once again, the proportions of poor children in the outstate area more closely matched the proportions of children overall, although outstate single-parent families still had a very disproportionate share of the children below the poverty level.

Figure 4-8: Poverty Status of Children by Number of Parents and Age of Children, Twin Cities vs. Outstate



Note: Thick line on bars indicates boundary between overall married-couple family (MC) and single-parent (SP) family proportions.

Source: *1990 Census*, STF-3, Table P126.

Table 4-8: Children by Family Type and Age as a Percent of all Children and Children Below the Poverty Level for Twin Cities and Outstate, 1989 (absolute numbers of children are given in parentheses)

	Percent of all Children		Percent of Children Below the Poverty Level	
Family Type and Age of Children	Twin Cities	Outstate	Twin Cities	Outstate
In married-couple families	80.4	85.8	30.9	52.8
	(467,969)	(485,488)	(20,044)	(40,873)
children < age 5	25.9	22.9	11.4	16.3
	(151,024)	(129,557)	(7,411)	(12,628)
children ages 5-17 years	54.5	62.9	19.5	36.5
	(316,945)	(355,931)	(12,633)	(28,245)
In single-parent families	19.6	14.2	69.1	47.2
	(114,145)	(80,210)	(44,754)	(36,531)
children < age 5	5.4	3.6	26.4	15.6
	(31,421)	(20,436)	(17,084)	(12,069)
children ages 5-17 years	14.2	10.6	42.7	31.6
	(82,724)	(59,774)	(27,670)	(24,462)
All children	100	100	100	100
	(582,114)	(565,698)	(64,798)	(77,404)

Source: *1990 Census*, STF-3, Table P126.

Poverty Rates

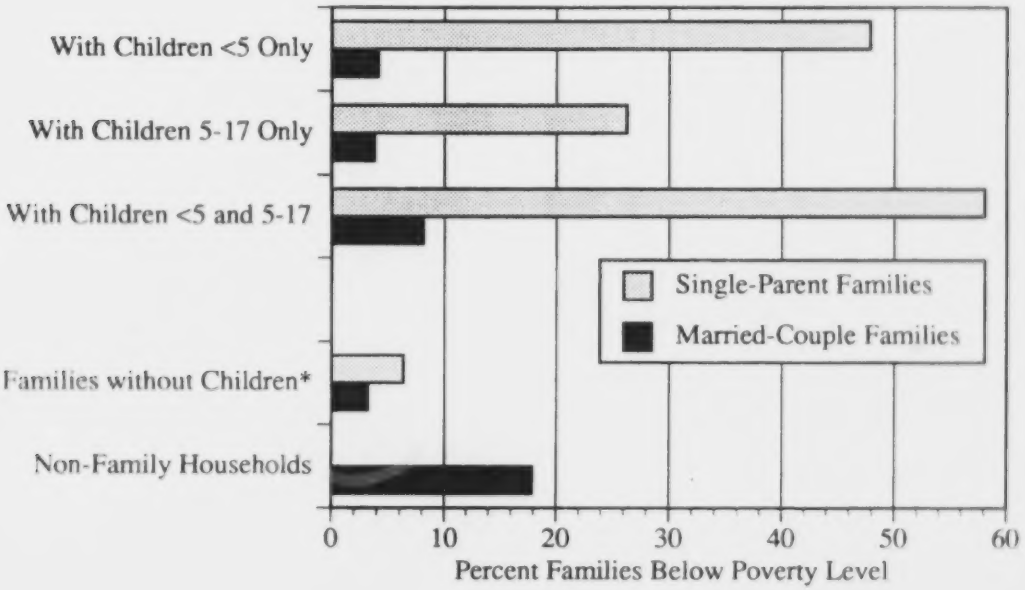
Families with young children were more likely to be poor than those with older children (Figure 4-9, Table 4-9). Two factors help explain this difference. First, the parents of young children are likely to be young themselves, and thus in their lower earning years. Parents of older children may be in their thirties, forties, or fifties, closer to their peak earning years. Second, young children often require more care than older children. Not only do younger children generate expenses for daycare or babysitting (which would not affect the census' poverty determination), but they often prevent one parent from working while she or he is taking care of the child (which would directly affect the family's income and thus their poverty status).

In addition, families with children both under age 5 and between the ages of 5 and 17 were more likely to be poor than those with children in one age range or the other only; the former category indicates that these families have a minimum of two children, while many families in the other two categories may have only one child. The census poverty threshold increases with each additional child: the 1990 poverty threshold for a two-parent, two-child family was $12,575; add another child and the poverty line increased to $14,798; a third child raised it to $16,569. Although it is arguable that a family's expenses increased by more than the approximately $2,000 that the Census Bureau's poverty thresholds indicate as the cost of each additional child, a family with children can earn more than a family without children and still live below the poverty level.

Children living in single-parent families were several times more likely to be poor than children living in married-couple families (Table 4-10). Indeed, the effect of family type was much stronger than the effect of the age of the children. In all cases, a child in a single-parent family was at least five times more likely to be poor than a child of the same age in a married-couple family. The dramatic difference in poverty rates between married-couple and single-parent families with children was probably largely and directly attributable to the extra income provided by the spouse. The difference would be particularly pronounced if the single parent was not in the workforce at all.

Younger children (under age 5) were in all cases more likely to be living in poverty than older children, and in all cases outstate children were more likely to be living in poverty than Twin Cities children.

Figure 4-9: Poverty Rates for Families of Different Types and Ages of Children, Minnesota



Note: The light-colored bar in this group represents the poverty rate for "other families:" single-male- or single-female-headed households without own children under 18 years old. The dark colored bar represents the poverty rate for married-couple families without children.

Source: *1990 Census*, STF-3, Tables P123, P127.

Table 4-9: Percent of Households Below the Poverty Level by Household Type and Presence of Children for Minnesota, Twin Cities and Outstate, 1989

Family Type and Age of Children	Minnesota	Twin Cities	Outstate
Married-couple families	4.8	2.8	6.8
with children < 5 only	4.0	2.2	6.5
with children 5-17 years only	3.7	1.9	5.4
with children < 5 and 5-17	8.1	5.7	10.4
Single-parent families	35.9	32.8	40.4
with children < 5 only	47.8	44.9	52.2
with children 5-17 years only	26.2	22.4	31.7
with children < 5 and 5-17	58.0	56.2	61.0
Married-couple families without children	3.1	1.4	4.9
Other families	6.3	4.1	9.7
Non-family households	17.8	12.1	25.2

Source: *1990 Census*, STF-3, Tables P123, P127.

Table 4-10: Percent of Children Below the Poverty Level by Family Type and Age for Minnesota, Twin Cities and Outstate, 1989

Family Type and Age of Children	Minnesota	Twin Cities	Outstate
In married-couple families	6.4	4.3	8.4
children < age 5	7.1	4.9	9.8
children ages 5-17 years	6.1	4.0	7.9
In single-parent families	41.8	39.2	45.5
children < age 5	56.2	54.4	59.1
children ages 5-17 years	36.6	33.5	40.9
All children	12.4	11.1	13.7
children < age 5	14.8	13.4	16.5
children ages 5-17 years	11.4	10.1	12.7

Source: *1990 Census*, STF-3, Table P126.

Elderly Poverty

As people get older their rates of poverty increase (Table 4-11). Retirement by itself did not seem to lead to a significant increase in the poverty rate. Indeed, households led by persons aged 65 through 74 had a lower overall poverty rate than did working-age (15-through 64-year-old) households (Table 4-12). The real onset of poverty among the elderly did not occur until after age 75. Poverty status for elderly persons, it appears, was influenced more by the mathematics of survival than by the economics of retirement.

Survival Rates

At every stage of life female survival rates are better than the rates for males. This advantage becomes noticeable, however, only after age 65 (Table 4-13). The proportion of females in the total population increased sharply with age after age 65, from a bare majority in the 65-74 age group (55 percent) to a strong majority (72 percent) at age 85 and older.

Table 4-11: Percent of Persons Below the Poverty Level by Selected Ages for Minnesota, Twin Cities and Outstate, 1989 (absolute numbers of poor persons per age group given in parentheses)

Age	State		Twin Cities		Outstate	
45-54*	5.1	(21,897)	3.8	(8,547)	6.7	(13,350)
55-64	6.6	(22,594)	4.8	(7,708)	8.3	(14,886)
Total elderly poor	12.1	(61,156)	7.9	(16,491)	15.1	(44,665)
65-74	8.4	(24,465)	5.8	(7,146)	10.4	(17,319)
75+	17.2	(36,691)	11.1	(9,345)	21.1	(27,346)

* Peak earning years; see Table 1-11 for median household incomes by age of householder.

Source: *1990 Census*, STF-3, Table P117.

Table 4-12: Percent of Households Below the Poverty Level by Household Type and Age of Householder, Twin Cities and Outstate, 1989

	Twin Cities			Outstate		
Household Type	Ages 15-64	Ages 65-74	Ages 75+	Ages 15-64	Ages 65-74	Ages 75+
Family households	6.2	2.3	3.7	9.3	5.6	10.1
Married-couple families	2.1	2.0	3.5	5.5	5.3	9.8
Other families	24.1	4.6	4.7	32.6	8.7	12.1
Nonfamily households	10.8	13.8	18.0	22.2	23.5	32.4
Persons living alone	9.8	13.9	18.0	18.8	23.7	32.5
Persons not living alone	13.0	10.8	16.8	32.3	18.4	26.1
All households	7.5	6.8	12.7	12.1	12.2	23.7

Source: *1990 Census*, STF-3, Table P127.

Table 4-13: Total and Percent of Total Population by Sex and Age Group for Minnesota, 1990

	Males		Females	
Age Group	Total Population 1990	Percent of Age Group	Total Population 1990	Percent of Age Group
18-64	1,325,662	49.8	1,334,966	50.2
65-74	132,790	44.9	162,978	55.1
75-84	69,443	37.6	115,046	62.4
85+	18,687	28.2	47,618	71.8

Source: *1990 Census*, STF-3, Table P14.

Change in Household Composition

Married-couple families comprised the majority of working-age and early retirement households (Table 4-14). As the male death rate accelerated ahead of the female death rate after age 75, however, these family households began to get broken up by the death of the husband. Correspondingly, the proportion of married-couple families dropped by half, from almost two-thirds of all households during the working years to less than one-third of elderly households. In the age 75 or older category, single-person households were the dominant household type, increasing from 19 percent of working-age households to over 60 percent of all households with a householder aged 75 or older. The dominance of single-person households is even more striking in the poor population: 84 percent of all poor households headed by a person over age 75 were composed of a single elderly person (most of whom are widows) living alone. Only 12.5 percent of all poor households headed by a person over age 75 were married-couple families, a disproportionately small number given the proportion of very elderly married-couple families in the general population (32.4 percent of all households).

Table 4-14: Types of Households as a Percent of all Households and Households Below the Poverty Level by Type of Household and Age of Householder for Minnesota, 1989

	Percent of all Households			Percent of Poverty Households		
Household Type	Ages 15-64	Ages 65-74	Ages 75+	Ages 15-64	Ages 65-74	Ages 75+
Family households	74.0	61.9	38.2	59.3	26.3	15.1
Married-couple families	61.8	55.6	32.4	24.1	22.2	12.5
Other families	12.2	6.3	5.8	35.2	4.1	2.6
Non-family households	26.0	38.1	61.8	40.7	73.7	84.9
Person living alone	18.7	36.9	60.8	25.9	72.0	83.7
Person not living alone	7.3	1.2	1.1	14.7	1.7	1.2
All households	100	100	100	100	100	100

Source: *1990 Census*, STF-3, Table P127.

Economic Effects

The breakup of elderly married-couple families by death of the male spouse has important economic consequences. The female survivor receives less income. Elderly women may have a lower (or no) pension or other retirement security outside of federal Social Security payments. Pension plans for workers who are now age 75 or older (they were in their 30s in 1945) were not as good as pensions for the workers who followed them. Social Security payments, moreover, are proportional to income earned during one's working years. People who did not work at least forty quarters (ten years) receive no Social Security benefits at all, so a woman who worked only a few years before having children, or during World War II, would not be eligible for her own benefits. Social Security survivor benefits are lower than the benefits a worker would receive while he or she is alive and much lower than the Social Security benefits for a couple. Women who are of retirement age today were of working age at a time when few women were in the workforce, and those who were did not generally work for long and often had low-wage jobs that did not provide a pension upon retirement. As a consequence, a widowed elderly woman may have less income than a widowed elderly man.

Change in Elderly Poverty, 1979–1989

Elderly poverty decreased during the 1980s, while the overall poverty rates for working-age adults increased (Table 4-15). The largest improvement was seen in elderly non-family households; the poverty rate for this household type dropped almost five percentage

Table 4-15: Change in Poverty Rates for Elderly and Non-elderly Households and Persons in Minnesota, 1979–1989

	Ages <65 Years			Ages 65+ Years		
	1979	1989	Change in Percent	1979	1989	Change in Percent
All households*	8.7	9.5	+ 0.8	17.4	14.3	- 3.1
Families	7.0	7.6	+ 0.6	7.4	5.4	- 2.0
Non-family households	14.8	14.9	+ 0.1	28.2	23.6	- 4.6
Persons	8.8	10.0	+ 1.2	14.8	12.1	- 2.7

Note: Households are classified by the age of the householder.

Source: *1980 Census*, STF-3, Tables 88, 89, 93; *1990 Census*, STF-3, Tables P117, P127.

points, from 28.2 percent to 23.6 percent. For working-age adults, meanwhile, poverty rates for families, non-family households, and individuals all increased, with poverty increasing most among families. However, elderly poverty rates were still very high; higher than the rates for all persons and household types under age 65, except families.

The improvements that were seen during the 1980s were a product of increased social spending on the elderly, improved Social Security benefits, and an increased number of retirees with good pensions.

Summary

Household composition is an important component of poverty. During the working years, income appears to be a larger determinant of poverty status than the presence of children, although the latter can aggravate an already marginal household income situation. Single-parent families and persons living alone are the most likely of all household types to be poor. Both have a maximum of one working adult and thus one income. The presence of young and/or multiple children in single-parent families adds additional expenses to that household type that results in it being the most likely of all Minnesota households to be poor.

After retirement, differing mortality rates for men and women play a decisive role in shaping the face of elderly poverty. The death of a husband leaves behind a widowed single woman with limited retirement income.

Part V: Race, Income and Poverty

Introduction

Race and ethnicity are focal points in the national discussion on poverty, largely because of the strong relationship between skin color and income. The 1990 Census can only partially illuminate the connection between race and poverty; its data tables are silent, for instance, on the issue of racism. The census does, however, show many discrepancies among the races in income, employment, household composition, and even age—discrepancies that may be either causes of racial differences in poverty or the effects of racism, or both. Whatever the ultimate causes of racial differences in the poverty rate, the 1990 Census does illustrate that certain racial groups labor under economic disadvantages arising from issues raised earlier in this report, including age and household composition.

Defining Race and Ethnicity

Race and ethnicity are self-defined in the census. The census has no criteria for determining the race or ethnic background of a person, aside from that person's own declaration of racial identity. The nature of the census' definition of race, along with the personal ambiguities and popular vicissitudes of racial identity, may influence census counts of income and poverty by race. The census also provides considerable information for persons of "Hispanic or Spanish origin." This group is not another race like "Black" or "White," but is instead an ethnic classification; a person can be both of Hispanic origin and in the Black, White, Indian, or even Asian racial group. Almost two-thirds of all Minnesota Hispanics classified themselves as members of one of the four principal racial groups—54 percent as White. The remainder classified themselves as "other race." The vast majority—88 percent—of all Minnesotans listing themselves as "other race" in 1990, in fact, were Hispanic. In many of the tables and graphs in this chapter we will drop the "other" race and show Hispanic instead.

The census provides data for the following races: "White," "Black," "American Indian, Eskimo, or Aleut," "Asian or Pacific Islander," and "other race." The commonly used names for specific races or ethnicities have changed over time. For example, the 1990 Census form, which was designed during the mid-1980s, does not mention "African-Americans" or "Native Americans." In order to fit names into tables, we use the following short names in this report: "White," "Black," "Indian," "Asian," "other," and "Hispanic." We also use the term "minority" to refer collectively to Blacks, Indians, Asians, and "other race," as well as to persons of Hispanic or Spanish origin. We use "non-White" to refer specifically to non-White racial

groups: Blacks, Indians, Asians, and "other race"; Hispanic persons are not directly included among our non-Whites, except for the minority of Hispanics who have classified themselves as members of a non-White (or "other") racial group.

Income and Poverty Data by Race in STF-3

The 1990 Census' STF-3 has a limited amount of summary income and poverty data by race or ethnicity. However, it does have:

- Household income, both overall and by age of the householder
- Aggregate household income
- Poverty status, both for individuals by age group and for families by presence of children

Differences Among the Races

The minority community in Minnesota was a small but rapidly growing part of the state's population (Table 5-1). Whites were the overwhelming majority of both the Twin Cities and outstate populations in both 1980 and 1990, although the Twin Cities area was almost 10 percent minority in 1990, doubling from 5 percent in 1980. The high growth rate for Asians overstates real growth because the 1980 Census counted Hmong and some other Southeast Asians not as Asians, but as "other" race.

Minority Poverty

The proportions of Whites and minorities within the poverty population varied considerably from their proportions in the general population (Table 5-2). In the outstate area, the racial breakdown of poor persons fairly closely matched that of the general population. Although the proportion of Indians in the poverty population was almost four times higher than their representation in the general population. Even so, Indians still comprised only 5 percent of all poor persons in outstate Minnesota. In the Twin Cities, however, Whites made up only 66 percent of all poor persons, much lower than the proportion of Whites in the general population (92 percent). Blacks and Indians were over-represented by almost five times in the poverty population, while Asian-Americans were over-represented by a factor of four.

Minorities were more likely to be below the poverty level than were Whites, whether in the Twin Cities or the outstate area. The poverty rates for all minority groups except Hispanics were roughly equivalent—all were an order of magnitude higher than the poverty rate for Whites. The poverty rates for outstate Whites and Hispanics was roughly double that for Twin Cities Whites and Hispanics. Outstate Whites and Indians were more likely to be poor than their Twin Cities counterparts, while the poverty rate for Twin Cities Blacks and Asians was only slightly higher than the outstate rate.

Table 5-1: 1990 Minority Population, Percent of Total 1990 Population, and Percent Change by Race/Ethnicity for Twin Cities and Outstate, 1980–1990

	Twin Cities			Outstate		
	1990 Population	Percent of Total Population	Percent Change, 1980-90	1990 Population	Percent of Total Population	Percent Change, 1980-90
White	2,099,044	91.7	+ 11.3	2,034,145	97.5	- 1.0
Black	89,150	3.9	+ 81.3	3,142	0.3	+ 79.8
Indian	22,707	1.0	+ 34.9	19,899	1.3	+ 34.7
Asian	64,293	2.8	+ 166.0	8,056	0.6	+ 54.9
Other	13,527	0.6	+ 50.1	3,654	0.4	+ 100
TOTAL	2,288,721	100	+15.3	2,090,097	100	- 0.2
Hispanic	33,218	1.5	+ 49.7	9,923	0.8	+ 65.7

Source: *1980 Census*, STF-3, Tables 12, 13; *1990 Census*, STF-3, Tables P8, P10.

Table 5-2: Persons by Race/Ethnicity: Percent of Total Population and of Poverty Population, and Percent Below the Poverty Level for Twin Cities and Outstate, 1989

	Twin Cities			Outstate		
	Percent of Total Population	Percent of Poor Persons	Percent BPL*	Percent of Total Population	Percent of Poor Persons	Percent BPL*
White	91.7	64.8	5.8	97.5	92.2	11.8
Black	3.9	17.4	37.1	0.3	0.5	31.9
Indian	1.0	4.9	40.6	1.3	4.7	46.4
Asian	2.8	11.2	32.3	0.6	1.3	28.2
Other	0.6	1.7	23.8	0.3	1.3	47.0
TOTAL	100	100	8.2	100	100	12.5
Hispanic	1.5	3.4	19.4	0.8	2.4	38.8

* Percent of persons below the poverty level.

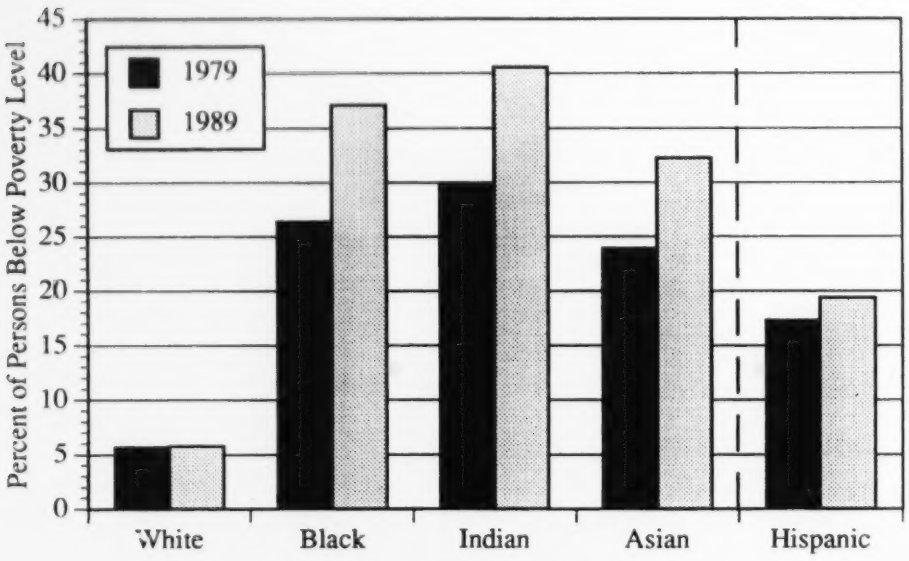
Source: *1980 Census*, STF-3, Tables 91, 92; *1990 Census*, STF-3, Tables P119, P120.

Most of the state's minority population lived in the Twin Cities metropolitan area: 97 percent of all Blacks, 53 percent of all Indians, and 89 percent of all Asians. Seventy-seven percent of Minnesota's Hispanic residents also lived in the Twin Cities area. As a result, this chapter will focus on the Twin Cities minority population.

Changes in Poverty Rates, 1979–1989: The Twin Cities

The poverty rate for Whites remained almost constant between 1979 and 1989, while increasing substantially for most minority groups (Figure 5-1). In terms of absolute numbers, Whites were a minority of new poor persons (Table 5-3). Only 13,000 out of almost 52,000 new poor persons in the Twin Cities were White. Moreover, there were more new poor Blacks and more new poor Asians in the Twin Cities than new poor Whites, despite the overwhelming dominance of Whites in the general population.

Figure 5-1: Change in Poverty Rates by Race/Ethnicity, Twin Cities



Source: *1980 Census*, STF-3, Tables 91, 92; *1990 Census*, STF-3, Tables P119, P120.

Table 5-3: Persons Below the Poverty Level by Race/Ethnicity in the Twin Cities, 1979–1989

	Poor Persons (Percent Below Poverty Level)				Change, 1979–1989	
	1979		1989		Absolute Change	Percent Change
White	105,685	(5.7)	118,375	(5.8)	+ 12,690	+ 0.1
Black	12,566	(26.4)	31,829	(37.1)	+ 19,263	+ 10.7
Indian	4,813	(29.9)	8,856	(40.6)	+ 4,043	+ 10.7
Asian	5,674	(23.9)	20,474	(32.3)	+ 14,800	+ 8.4
Other	2,168	(25.1)	3,146	(23.8)	+ 978	- 1.3
TOTAL	130,906	(6.7)	182,680	(8.2)	+ 51,774	+ 1.5
Hispanic	3,757	(17.3)	6,275	(19.4)	+ 2,518	+ 2.1

Source: *1980 Census*, STF-3, Tables 91, 92; *1990 Census*, STF-3, Tables P119, P120.

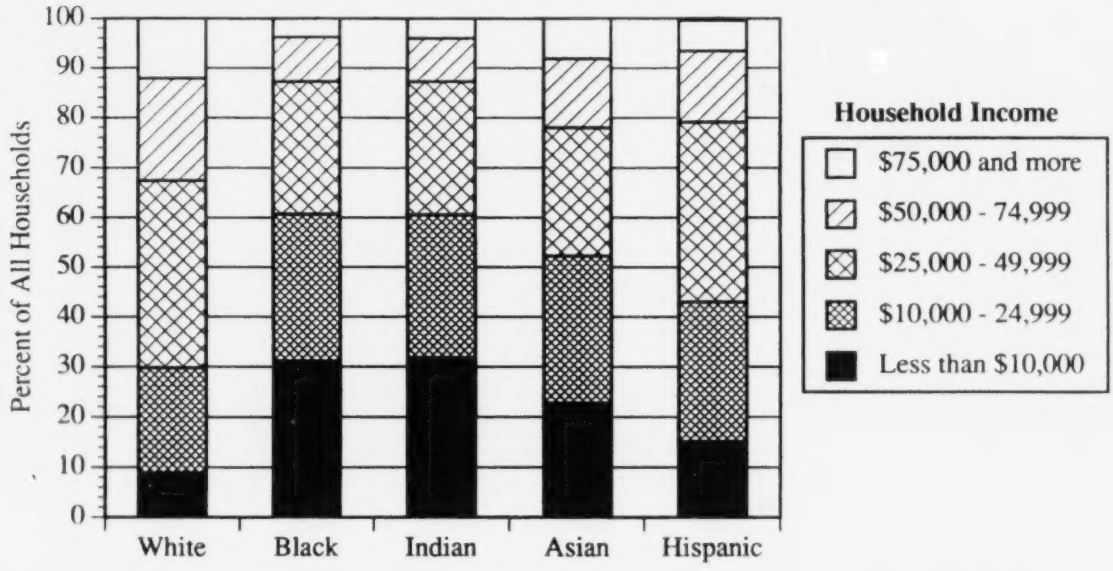
Income by Race/Ethnicity

A much larger proportion of Twin Cities minority households had low incomes than did White households in 1989 (Figure 5-2, Table 5-4). Sixty percent of Black and Indian households, for example, had annual incomes below $25,000, the minimum threshold for what we consider middle income.* Almost a third of Black and Indian households, in fact, had incomes below $10,000, a low figure even for a single person living alone with few expenses.

Median household income by race/ethnicity (Figure 5-3 and Table 5-5) tells a similar, if more succinct, story. Blacks and Indians had the lowest median household incomes in 1989; indeed, the median income for Indian households was less than half the median income for White households. Hispanics were the best off of all minority groups, but even their median household incomes were still more than $8,000 lower than that of Whites.

* A family of four (including two children), with an income of $25,050 is living at twice their poverty income. In this chapter we will consider $25,000 the threshold for being safely middle class.

Figure 5-2: Distribution of Household Income by Race/Ethnicity, Twin Cities



Source: *1990 Census*, STF-3, Tables P87, P88.

Table 5-4: Percent of Households in Income Groups by Race/Ethnicity in the Twin Cities, 1979

Income Groups	White	Black	Indian	Asian	Hispanic
75,000 + (upper*)	12.2	3.8	4.0	8.2	6.1
50,000 - 74,999 (upper-middle*)	20.5	9.0	8.9	13.8	14.3
25,000 - 49,999 (middle*)	37.6	26.6	26.6	25.8	36.1
10,000 - 24,999 (low*)	20.9	29.6	28.7	29.5	27.9
< 10,000 (very low*)	8.8	31.1	31.8	22.7	15.6
TOTAL	100	100	100	100	100
Median household income, 1989	$38,100	$19,300	$18,700	$23,700	$29,500

* These names for income classes (e.g., "very low" or "low") are our names. They are not used by the census.

Note: Median household incomes by race/ethnicity are estimates based on household income distributions. All figures are rounded to the nearest $100.

Source: *1990 Census*, STF-3, Tables P82, P83.

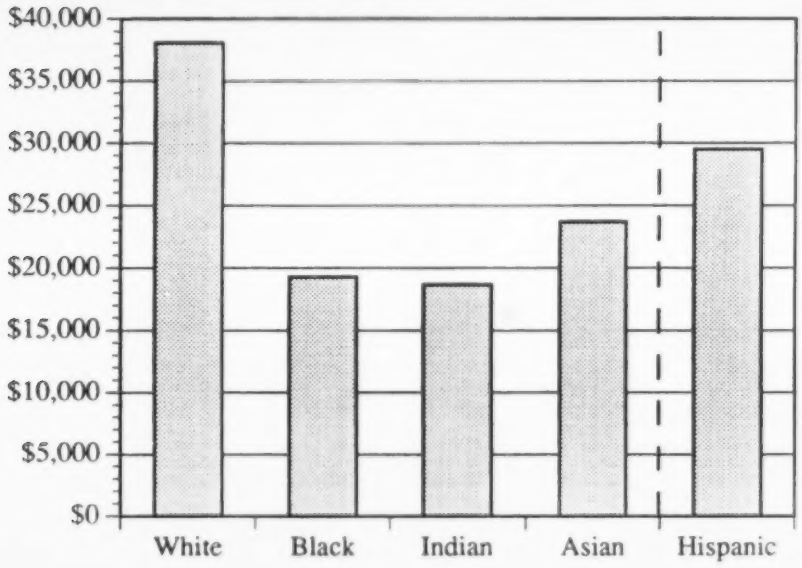
Table 5-5: Minority Median Incomes as Percents of White Median Incomes* in the Twin Cities, 1979 and 1989

	White	Black	Indian	Asian	Hispanic
1979 median family income	$20,100	$9,700	$8,600	$14,000	$14,700
Percent of White median family income	100	48	43	70	73
1989 median household income	$38,100	$19,300	$18,700	$23,700	$29,500
Percent of White median household income	100	51	49	62	77
Change in percent	—	+3	+6	-8	+4

* All median incomes are estimates and have been rounded to the nearest $100.

Source: *1980 Census*, STF-3, Tables 75, 76; *1990 Census*, STF-3, Tables P82, P83.

Figure 5-3: Median Household Income by Race/Ethnicity, Twin Cities



Source: *1990 Census*, STF-3, Tables P87, P88.

A fact often overshadowed by the public focus on minority poverty is that a sizeable proportion of minority households had either middle or upper incomes. Forty percent of Black and Indian households, the two poorest racial groups in Minnesota, had middle (defined as a household income of at least $25,000) or upper incomes in 1989. To be sure, minority households tend to earn lower incomes than White households overall, but the popular myth that all minorities are poor does not follow from this conclusion. The Twin Cities has a minority middle and upper class, and their numbers are significant.

Changes in Income, 1979–1989

We could not compare 1979 minority incomes directly with 1989 incomes because the 1980 Census reported *family* incomes for minorities while the 1990 Census reported *household* income. Instead, we can look at those incomes relative to White families and households. Except for Asians, minority median incomes improved between 1979 and 1989 relative to White median incomes (Table 5-5), despite the fact that poverty rates for minority groups increased during the same period (Table 5-3). We believe that the same forces that contributed to the increase in median incomes and numbers of the very poor in the general population

(see Part III: Degrees of Poverty) can explain why minority median incomes were catching up with White median incomes while minority poverty rates increased:

- More people became poor, a trend which the median income value will not necessarily reflect. Indeed, the median income does not say anything about income distribution or the number of households at the extremes of the distribution.
- More minorities lived in household types that increased their likelihood of living in poverty (see Changes in Household Composition, 1980-1990, later in this chapter).
- Differences in how household income and poverty status were determined greatly reduces our ability to compare them. For non-family households, poverty status is determined on an individual basis while household income is the sum of the incomes of all household members.

Geographic Concentration of Minority Poor

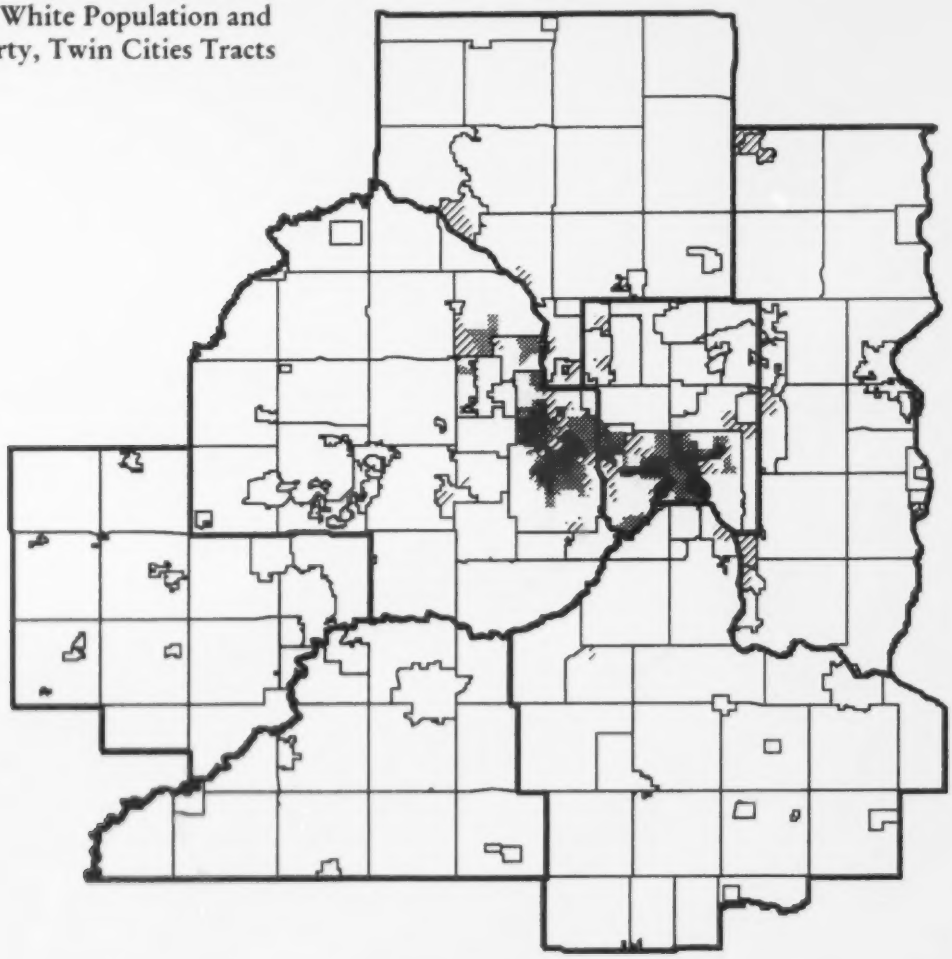
The non-White population was highly concentrated within the Twin Cities. Of the almost 190,000 non-White persons living in the Twin Cities area, 50 percent were concentrated in just seventy-six census tracts (out of more than 600). All of the top forty (and ninety-two of the top one-hundred) census tracts with the largest numbers of non-White residents were in either Minneapolis or Saint Paul. In contrast, the White population was much more evenly distributed; 50 percent was spread among 188 census tracts.

The non-White poverty population was even more concentrated than non-Whites overall (Figure 5-4). Of 64,305 non-White persons below the poverty level in 1989, 50 percent were concentrated in just thirty-five census tracts; thirteen census tracts (all central city) contained a full 25 percent of all poor non-Whites. All of the top forty (and ninety-two of the top one-hundred) census tracts with the highest numbers of poor non-Whites were in one of the two central cities.

The shaded census tracts on Figure 5-4 (tracts which have more than 10 percent minority population) form a pattern strikingly similar to the core poverty areas (places with poverty rates of more than 10 percent) shown in Figure 3-7. In part, use of the same ranges for showing poverty rates (0-9.9 percent, 10-24.9 percent, and 25+ percent) accounts for the similarity. More important, however, is the simple fact that areas with high minority populations and the core poverty areas were in many cases identical. Of the sixty-nine Twin Cities census tracts with a poverty rate exceeding 25 percent, sixty-six were more than 10 percent minority in population. Indeed, in fifty-two of these census tracts, minorities made up more than 25 percent of the total population.

Just as most high-poverty census tracts had high minority populations, a large proportion of the minority population was concentrated in high-poverty census tracts (Table 5-6). Over 60 percent of all Twin Cities non-Whites lived in census tracts with a poverty rate above 10 percent; less than 20 percent of Whites lived in such census tracts. Almost 40 percent of

Figure 5-4: Concentration of Non-White Population and Poverty, Twin Cities Tracts



Percent non-White

More than 10% non-White population

Less than or equal to 10% non-White population

Percent of Total Population Living in Poverty

More than 25% below the poverty level (66 tracts)

10 - 25% below the poverty level (50 tracts)

Less than 10% below the poverty level (16 tracts)

More than 25% below the poverty level (3 tracts)

10 - 25% below the poverty level (47 tracts)

Less than 10% below the poverty level (412 tracts) or census tracts with fewer than 100 residents (12 tracts)

Total: 606 census tracts

Source: *1990 Census*, STF-3, P119.

non-Whites lived in the sixty-nine census tracts with a poverty rate exceeding 25 percent, in contrast to only 5 percent of metropolitan-area Whites. The concentration of the non-White poverty population is even more striking. Almost two-thirds of all poor non-Whites lived in census tracts with a poverty rate above 25 percent—a degree of concentration that must almost create a culture of poverty. In contrast, the majority of poor Whites were more dispersed, scattered throughout the more than 400 census tracts with poverty rates of less than 10 percent.

Table 5-6: Concentration of Non-White and White Poverty in the Twin Cities, 1989

	Total Population		Poverty Population	
	Total	Percent	Total	Percent
Non-White Population				
Total population	189,677	100	64,305	100
Poverty rate > 25%	75,184	39.6	41,338	64.3
Poverty rate 10 - 24.9%	43,644	23.0	14,242	22.1
Poverty rate < 10%	70,849	37.4	8,725	13.6
Living in tracts with more than 10% non-White population	116,960	61.7	53,568	83.3
Living in tracts with less than 10% non-White population	72,717	38.3	10,737	16.7
White Population				
Total population	2,099,044	100	118,375	100
Poverty rate > 25%	97,703	4.7	21,817	18.4
Poverty rate 10 - 24.9%	279,546	13.3	32,158	27.2
Poverty rate < 10%	1,721,795	82.0	64,400	54.4

Source: *1990 Census*, STF-3, Table P119.

Possible Explanations

This report will examine two of the dozens of possible factors behind disproportionately high minority poverty rates: a relatively young labor force and a high (and increasing) percentage of single-parent families.

There are many other potential causes of minority poverty. Some, such as educational attainment, length and degree of participation in the labor force, type of occupation, and ability to travel to work, can and are being studied by others, often using census data. The census remains silent about many other issues, such as the psychology of poverty, historical legacies, political under-representation, and continuing racism.

Age Distribution and Peak Earning Years

Minnesota's minority population was very young—much younger than the White population (Table 5-7). The median age of the Twin Cities non-White population is 22, compared to 32 for the White population. Over 50 percent of the minority population in the Twin Cities was under age 25. A full 36 percent was below age fifteen. In contrast, only 34 percent of the White population was below age twenty-five, and only 21 percent was below age fifteen. The youthfulness of the minority population holds when looking at the age of minority householders. Forty-five percent of all non-White households were headed by someone aged thirty-five or younger, as compared to only 31 percent of White households. This relative youthfulness of the minority population may have affected its potential earning power.

An additional effect of the very young minority population was that the proportion of persons too young to work (under age 15) was much larger than it was in the White population. Over 33 percent of the entire minority population was under age 15, as compared to only 20 percent of the White population. Children under age 15 not only cannot work, but incur multiple additional expenses for their families. The disproportionate number of children in minority families, combined with a very high proportion of minority single-parent families (see next section), may be an important factor in high minority poverty rates.

Age, Race, and Income

Although minority income levels were below White income levels in almost all cases (sometimes substantially), the peak earning years for all races were the same: the 45 through 54 age bracket (Figure 5-5 and Table 5-8). For each race, the median income increased until this bracket was reached, whereupon it began to decline. Median incomes during the retirement years, particularly after age 75, differed little among the races.

Table 5-7: Age Distribution of Persons, Householders, and Income for White and Non-White Population in the Twin Cities, 1990

	Persons, 1990		Age of Householders, 1990		Median Household Income, 1989	
Age group	White	Non-White	White	Non-White	White	Non-White
< 15	21.0	36.1	n/a	n/a	n/a	n/a
15-24*	13.5	18.1	5.4	11.3	$21,900	$10,100
25-34	20.5	19.5	26.3	34.5	38,000	19,600
35-44	16.8	13.0	24.4	26.3	46,000	27,400
45-54	**10.3**	**6.3**	**15.3**	**12.6**	**52,800**	**30,000**
55-64	7.5	3.7	11.4	8.9	42,200	21,700
65-74	5.8	2.2	9.6	4.5	23,600	16,400
75+	4.6	1.2	7.6	1.9	14,500	9,700

* Age group for households and median household income is < 25 years, not 15-24.

Notes: Peak earning years are highlighted in **boldface** type. Median household income figures are estimates and have been rounded to the nearest $100.

Source: *1990 Census*, STF-3, Tables P14, P87.

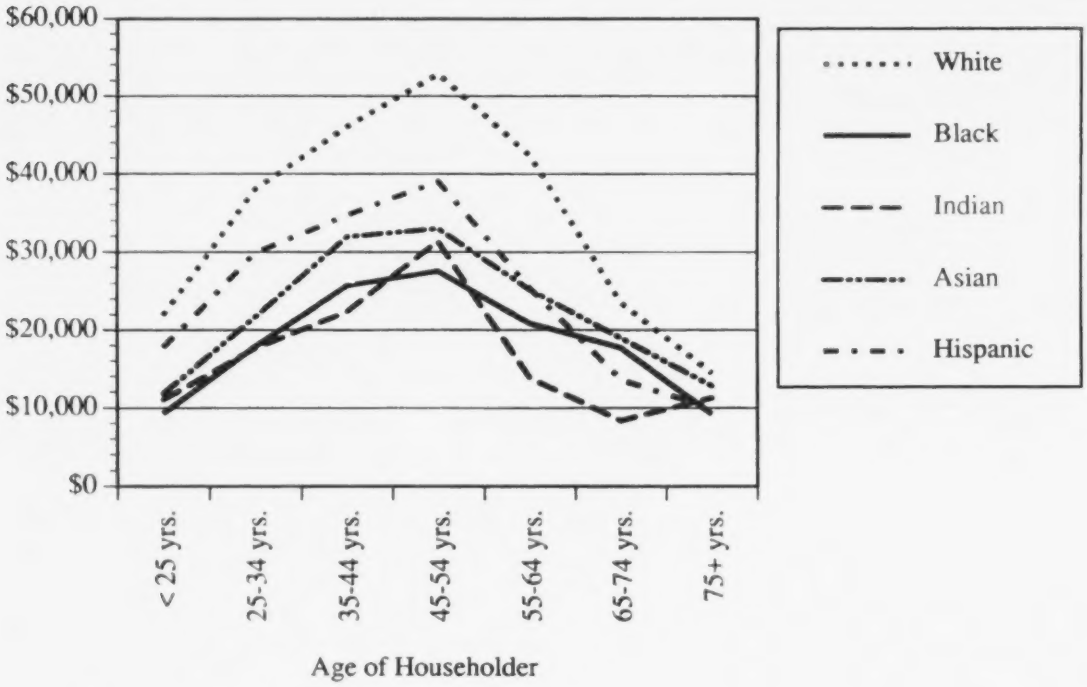
Table 5-8: Median Household Income by Race and Age of Householder in the Twin Cities, 1989

		Age of Householder						
	All Ages	< 25	25-34	35-44	45-54	55-64	65-74	75+
White	$38,100	$21,900	$38,000	$46,000	**$52,800**	$42,200	$23,600	$14,500
Black	19,300	9,300	17,800	25,700	**27,500**	20,900	17,700	9,200
Indian	18,700	11,000	17,600	22,400	**31,300**	13,800	8,400	11,200
Asian	23,700	11,800	21,600	31,900	**33,000**	25,200	19,000	12,800
All persons	37,000	20,500	36,800	45,000	**51,700**	41,400	23,400	14,400
Hispanics	29,500	17,800	29,800	34,700	**39,000**	25,400	13,600	9,900

Notes: Peak earning years (ages 45-54) are highlighted in **boldface** type. Median household income estimated from a nine-class household income distribution. All figures rounded to nearest $100.

Source: *1990 Census*, STF-3, Tables P82, P83, P86, P87, P88.

Figure 5-5: Median Household Income by Race/Ethnicity and Age of Householder, Twin Cities



Source: 1990 Census, STF-3, Tables P87, P88.

The disproportionate youth of the minority population has given rise to a myth that median incomes for minorities are just temporarily low. According to this myth, minority incomes will increase to a level commensurate with that for Whites once larger numbers of minorities enter their peak earning years. However, minorities earned much less than Whites in almost every age group. Even in their peak earning years, minorities earned less than any White age group except for young Whites entering the labor force and older Whites leaving it.

Household Composition

Another possible cause of differing poverty rates among races is differences in household composition. Single-parent families households are associated with high poverty rates (Table 5-9). If this household type makes up a large proportion of the households for a racial group, that race is likely to have a high poverty rate. Non-family households also are associated with high poverty rates, but our STF-3 census data has race-specific poverty data about this household type. Fortunately, they comprise a relatively uniform percentage of all races (Table 5-10), so we will ignore them in much of the remaining analysis and deal only with different family types.

Table 5-9: Poverty Rates by Race/Ethnicity and Family Type in the Twin Cities, 1989
(in percents)

	Total	White	Black	Indian	Asian	Hispanic
Married-couple family	2.1	1.4	9.3	10.6	24.5	5.9
with children < 18	2.8	1.7	11.6	12.5	28.8	6.6
no children < 18	1.3	1.2	5.0	7.4	10.5	4.7
Single parent	32.8	24.6	63.4	64.0	59.9	46.6
Other family	4.1	2.8	17.7	20.3	21.7	8.5
TOTAL	5.8	3.8	36.1	38.3	29.7	15.7

Source: *1990 Census*, STF-3, Tables P123, P124, P125.

Table 5-10: Household Types by Race/Ethnicity in the Twin Cities, 1990 (in percents)

Household Type	Total	White	Black	Indian	Asian	Hispanic
Married-couple family	54.9	55.9	28.7	29.7	62.5	48.7
with children < 18	27.3	27.4	17.8	17.6	47.0	30.0
without children < 18	27.5	28.5	10.9	12.1	15.5	18.7
Single-parent family	7.2	6.1	29.6	33.8	10.0	15.8
Other family	5.1	4.8	9.3	9.8	6.8	7.0
Non-family households	32.9	33.2	32.4	26.7	20.7	28.5
TOTAL	100	100	100	100	100	100

Source: *1990 Census*, STF-3, Tables P20, P21.

Single-parent households were much more common among Blacks and Indians than among Whites or Asians. In fact, single-parent families were the dominant household type for Indians and ran a close second to non-family households for Blacks. Combined, these two high-poverty household types comprised over 60 percent of the total households for these two races.

Married-couple families were typically the best-off household type. Asians, Hispanics, and Whites had high proportions of married-couple families: at least half of their households were of this type. Less than a third of Black and Indian households were married-couple families.

Changes in Household Composition, 1980–1990

Changes in the composition of households within each race undoubtedly played a role in the increase in poverty rates within the minority population. Since 1980, the proportion of married-couple families declined in all groups, while the proportions of high-poverty household types (particularly single-parent families and non-family households) increased in most groups (Table 5-11).

Table 5-11: Change in Percent for Household Types by Race/Ethnicity in the Twin Cities, 1980–1990

Household Type	Total	White	Black	Indian	Asian	Hispanic
Married-couple family	- 3.7	- 3.4	- 4.2	- 7.8	- 1.2	- 6.8
with children < 18	- 4.7	- 4.8	- 2.8	- 9.4	+ 1.5	- 7.4
without children < 18	+ 1.0	+ 1.4	- 1.3	+ 1.6	- 2.7	+ 0.6
Single-parent family	+ 0.8	+ 0.3	+ 4.2	+ 2.0	+ 3.9	+ 3.4
Other family	+ 0.7	+ 0.5	+ 2.7	+ 3.8	+ 1.2	+ 3.4
Non-family households	+ 2.2	+ 2.6	- 2.7	+ 2.1	- 3.9	+ 0.1

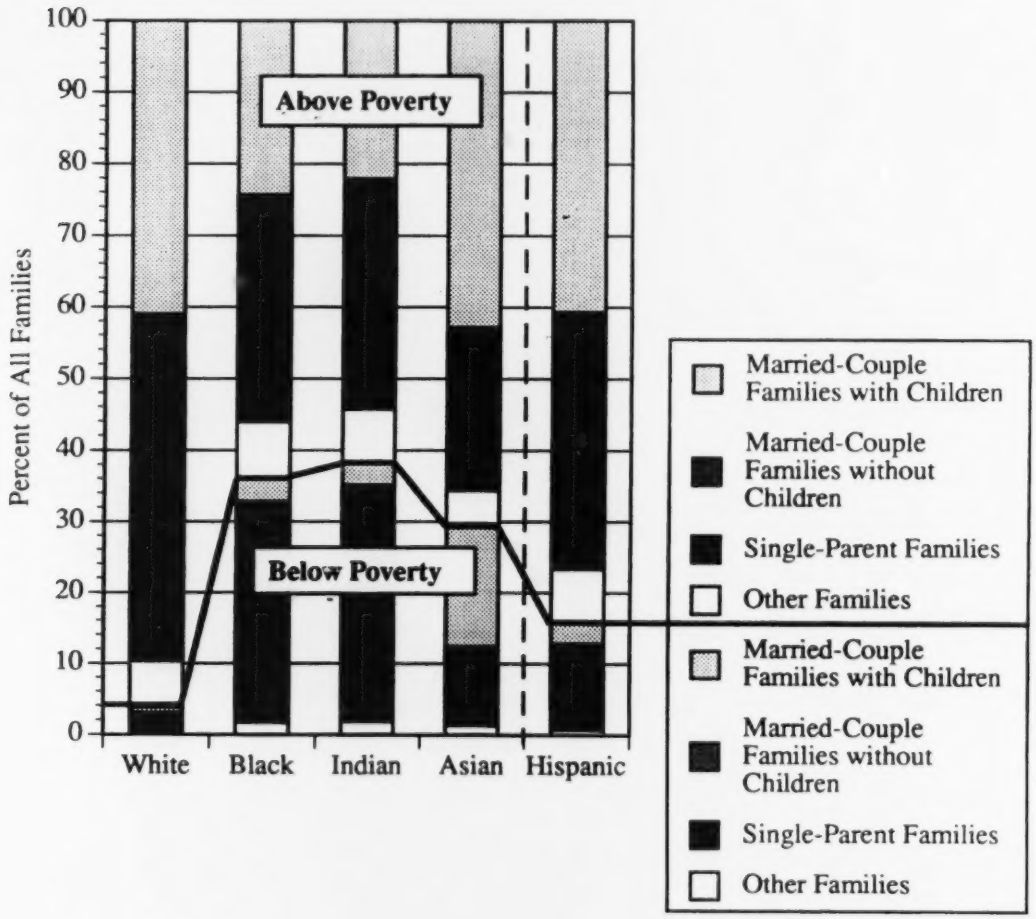
Source: *1980 Census*, STF-3, Tables 20, 21; *1990 Census*, STF-3, Tables P20, P21.

The proportions of family types with children shifted substantially during the 1980s, implying that the poverty rate of minority children increased since 1979. Married-couple families with children decreased (in proportion, not in absolute numbers) more than any household type for all racial/ethnic groups except Asians. Single-parent families, on the other hand, increased in importance in the minority population, while increasing only slightly in the White population. The net effect is that children born in the 1980s were more likely to be born into a single-parent family than those born in the 1970s. Since single-parent families are more likely to be poor than married-couple families, the children in single-parent families are more likely to grow up poor.

Family Types: Above and Below the Poverty Level

When we look just at families, single-parent families become a much more dominant part of the landscape of poverty. In all races except Asian, single-parent families were the overwhelming majority of all poor families (Figure 5-6, Table 5-12). For Blacks and Indians, single-parent families comprised more than 80 percent of those below the poverty level. For those races, roughly half the families are single parents and nearly two of every three such families are below the poverty level. It is no wonder that single parents dominate the landscape of poverty. For most other racial/ethnic groups, single-parent poverty rates are fairly high, but single parents represent a relatively small portion of the population.

Figure 5-6: Families Above and Below the Poverty Level by Race/Ethnicity and Type of Family, Twin Cities



Source: *1990 Census*, STF-3, Tables P124, P125.

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Table 5-12: Family Types as a Percent of all Families and of Poor Families by Race/ Ethnicity in the Twin Cities, 1990 (absolute numbers in parentheses)

	Total	White	Black	Indian	Asian	Hispanic
All Families						
Married-couple family	81.7	83.6	42.5	40.5	78.8	68.1
	(480,387)	(458,746)	(8,566)	(1,986)	(9,339)	(4,218)
with children < 18	41.4	41.6	27.5	25.2	60.2	43.6
	(243,476)	(228,345)	(5,535)	(1,234)	(7,134)	(2,699)
no children < 18	40.3	42.0	15.0	15.3	18.6	24.5
	(236,911)	(230,401)	(3,031)	(752)	(2,205)	(1,519)
Single-parent family	11.5	9.7	48.0	50.2	15.2	23.6
	(67,789)	(53,105)	(9,676)	(2,464)	(1,797)	(1,460)
Other family	6.8	6.7	9.5	9.3	6.1	8.3
	(39,977)	(36,675)	(1,921)	(454)	(719)	(516)
TOTAL	100 (588,153)	100 (548,526)	100 (20,163)	100 (4,904)	100 (11,855)	100 (6,194)
Poor Families						
Married-couple family	29.7	32.0	10.9	11.2	65.0	25.5
	(10,086)	(6,623)	(793)	(210)	(2,285)	(248)
with children < 18	20.3	18.9	8.8	8.2	58.4	18.2
	(6,898)	(3,917)	(641)	(154)	(2,054)	(177)
no children < 18	9.4	13.1	2.1	3.0	6.6	7.3
	(3,188)	(2,706)	(152)	(56)	(231)	(71)
Single-parent family	65.5	63.1	84.4	83.9	30.6	70.0
	(22,214)	(13,076)	(6,137)	(1,577)	(1,077)	(680)
Other family	4.8	5.0	4.7	4.9	4.4	4.5
	(1,638)	(1,033)	(340)	(92)	(156)	(44)
TOTAL	100	100	100	100	100	100
	(33,938)	(20,732)	(7,270)	(1,879)	(3,518)	(972)

Source: *1990 Census*, STF-3, Tables P123, P124, P125.

Surprisingly, two-thirds of poor Asian families were married-couple families (and most of those were married couples with children). A large proportion of Asians were new immigrants who have retained traditional family structures. These immigrants had limited English and job skills, however, as well as the handicap of having to start fresh in a new and unfamiliar country—a combination of traits that helps explain their relatively high poverty rates.

Family Composition: The Big Picture

Minorities and single-parent families (and minority single-parent families) were vastly over-represented in the poverty population (Table 5-13). Overall, the distributions of family types and race within the general population differed markedly from that of the poverty population. Within the general population, most families were White and married couples; indeed, 78 percent of all families in the Twin Cities area in 1989 were White married-couple families. Only 10.7 percent of all families were headed by a single parent, of which the majority were White single-parent families.

Table 5-13: Family Types by Race as a Percent of all Families and of Poor Families in the Twin Cities, 1989

	White	Black	Indian	Asian	Total
All Families					
Married-couple family	78.0	1.5	0.3	1.6	81.4
with children < 18	38.2	0.9	0.2	1.2	40.5
without children < 18	39.8	0.6	0.1	0.4	40.9
Single-parent family	8.5	1.5	0.4	0.3	10.7
Other family	6.7	0.5	0.1	0.2	7.5
TOTAL	93.2	3.5	0.8	2.1	99.6*
Poor Families					
Married-couple family	19.5	2.3	0.6	6.7	29.1
with children < 18	11.5	1.9	0.5	6.1	20.0
without children < 18	8.0	0.5	0.2	0.7	9.1
Single-parent family	38.5	18.1	4.7	3.2	64.5
Other family	3.0	1.0	0.3	0.5	4.8
TOTAL	61.1	21.4	5.5	10.4	98.4*

* "Other race" families were 0.4 percent of all families and 1.6 percent of poor families.

Note: There were 588,153 families and 33,938 poor families in the Twin Cities in 1989.

Source: *1990 Census*, STF-3, Tables P123, P124.

The distribution of poor families was significantly different, however. Married-couple families comprised only 29.1 percent of all such families. Almost two-thirds—64.5 percent—of all families below the poverty level were single-parent families; of these, half were White and half non-White. The most important difference between the general and poverty populations in terms of race was the disproportionate representation of non-White families in the latter. More than a third of all families below the poverty level—37.3 percent—were non-White families, even though they comprised only 6.4 percent of all metropolitan area families. Non-White families are overrepresented by a factor of nearly six among Twin Cities poor families.

Over- and Under-Representation in the Poverty Population

We can calculate under- or over-representation of a particular family type by comparing its poverty population with its total population counterpart. Single parents comprise 64.5 percent of the overall poverty population, but only 10.7 percent of all families; we say that it is over-represented by a factor of 6.07 (Table 5-14). Factors under one (1.0) in Table 5-14 show under-representation.

Table 5-14: Over- or Under-Representation of Family Types in the Poverty Population by Race/Ethnicity in the Twin Cities, 1989

Family Type	Total	White	Black	Indian	Asian	Hispanics*
Married-couple family	0.36	0.25	1.60	1.83	4.24	0.37
with children < 18	0.50	0.30	2.10	2.27	5.07	0.43
without children < 18	0.23	0.20	0.81	1.20	1.73	0.28
Single-parent family	6.07	4.55	12.04	12.09	12.44	3.17
Other family	0.64	0.45	2.13	2.43	2.66	0.46
TOTAL	–	0.66	6.25	6.67	5.13	–

* Over- or under-representation of Hispanic families is calculated out of all Hispanic families, not out of all families of all races, as the figures for all other groups are calculated.

Source: Table calculated from Table 5-12, and *1990 Census*, STF-3, P125.

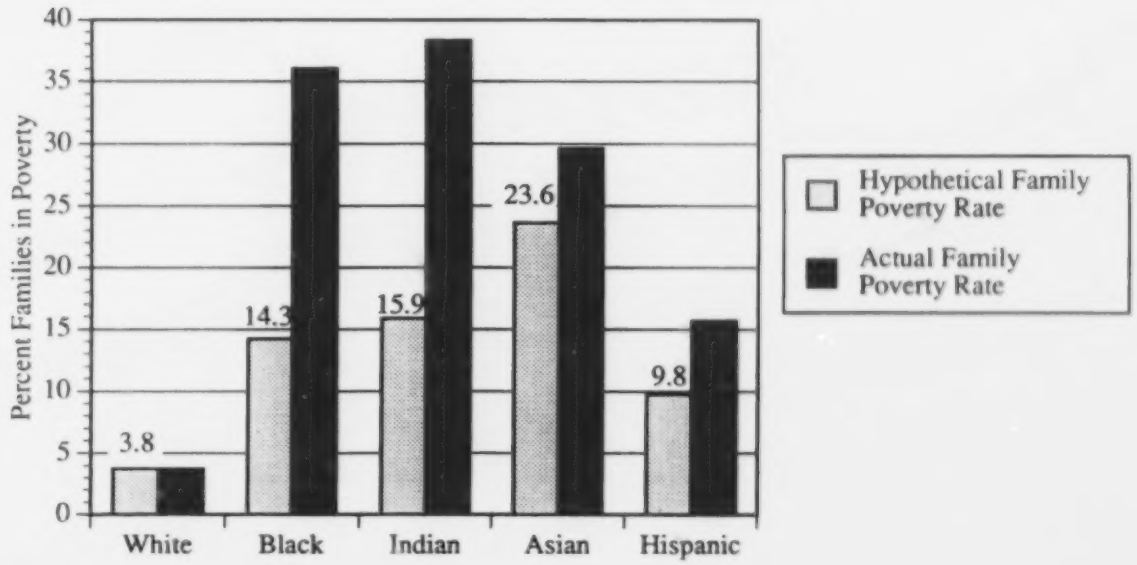
Single-parent families of all races were considerably over-represented in the poverty population, relative to their numbers in the general population. Black, Indian, and Asian single-parent families, for example, were over-represented in the poverty population by a factor of twelve. Even White and Hispanic single-parent families were disproportionately

represented in the poverty population, by factors of four and three, respectively. White married couples, on the other hand, were significantly under-represented; if poor families were evenly distributed according to their numbers in the general population, one would expect four times more poor White married couples than actually were present.

Effect of Family Composition on the Minority Poverty Rate

Suppose that minority families had the same composition as White families. Now about half of all Black and Indian families are single-parent families (see Table 5-12). Suppose only 11.5 percent were single-parent families. We let each race and family type keep its real-world poverty rate; we only move around the number of people affected by that rate. This hypothetical situation allows us to separate the effect of household composition from the effect of all other causes (racism, age distribution, education, etc.) on the poverty rate for each race. In effect, we are removing the part of poverty that could conceivably be within the power of a family to change—most often to switch families from single-parent to two-parent families. The remaining poverty differential is the result of other factors. Results of this hypothetical situation are given in Figure 5-7 and Table 5-15.

Figure 5-7: Family Poverty Rates if Minorities had White Family Composition



Source: Calculated from Table 5-11.

Table 5-15: Hypothetical Poverty Rates by Race/Ethnicity if Minority Groups had White Family Composition, but Retained Race/Family Type Specific Poverty Rates (Twin Cities)

	Percent Distribution of White Families	Hypothetical Number of Families			
		Black	Indian	Asian	Hispanic
Married couple					
with children < 18	41.6	8,393	2,041	4,935	2,578
without children < 18	42.0	8,469	2,060	4,980	2,602
Single-parent family	9.7	1,952	475	1,148	600
Other family	6.7	1,348	328	793	414
TOTAL	100	20,163	4,904	11,855	6,194
	White	Black	Indian	Asian	Hispanic
Hypothetical poverty rate (percents)	3.8	14.3	15.9	23.6	9.8
Actual poverty rate (percents)	3.8	36.1	38.3	29.7	15.7

Source: Calculated from Tables 5-9 and 5-12.

In this hypothetical situation, the overall family poverty rate for Blacks and Indians would still be four times higher than the overall rate for White families because these two groups had much higher proportions of single-parent families. Four times as poor, to be sure, is better than nine or ten times as poor, as was actually the case, but the gap between these two groups and Whites would still be sizeable. Hispanics would be over twice as poor overall as Whites, instead of almost four times, as was the case in reality. Asians would change very little, largely because the proportions of various family types among the Asian population was similar to that among Whites.

The differences between the White and minority poverty rates in the hypothetical situation tell us how strongly the mixture of family types affects the overall poverty rate for families. Big reductions in poverty for Blacks, Indians, and Hispanics show that disproportionate numbers of single-parent families are a major part of their problem. But poverty rates would remain well above those for Whites—showing that the problem runs much deeper. The differences between the hypothetical and actual poverty rates tell us of the powerful and

very real negative effect on minority poverty rates of the many other factors in which minorities were at a disadvantage compared to Whites: lower graduation rates, more young adults and children (who were likely to earn less than older adults in the labor force, if they worked at all), high unemployment rates, geographic isolation that made it difficult to get to jobs, the psychological impact of living in areas of multi-generational and concentrated poverty and, last but not least, the debilitating effects of persistent racism.

Summary

Two complementary myths about minority poverty have gained wide circulation in recent years. One, that most minorities are poor, is reinforced by census statistics on poverty rates and household composition by race and ethnicity. Its complement, that most poor persons are minorities, is reinforced by the same facts and by public perceptions about where poverty is concentrated—in inner-city slums. The symbol of these two intertwined myths is the Black welfare mother with several young kids, living off the public dole.

Neither of these two myths is wholly true: Each is a mixture of truth, exaggeration, and outright fiction. Are minorities poor? No, not across the board. In fact, a substantial number of minority households are middle and upper class. However, most households in some minority groups are below the poverty level, and it is possible that a majority of the households in all minority groups are above the poverty line but still not well off. Are most poor persons minorities? No; a majority of all poor persons are White, which is not surprising in a state that is over 90 percent White. It is certainly true, however, that minorities are disproportionately represented in the poverty population.

After truth is separated from myth, the fact remains that minorities are worse off than Whites in terms of income and poverty. The causes of racial disparities in income and poverty are complex and tightly interwoven; the census can only partially illuminate the problem and is even less adequate for revealing its causes. Household composition and age certainly help explain minority poverty, but it is unclear whether they are causes, contributing factors, effects, or some combination of the three. Chains of poverty, racism, and other causes lie in shadows that the census cannot illuminate.

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Appendices

A-1: Minnesota Counties

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A-2: Cities and Minor Civil Divisions in the Seven-County Twin Cities Metropolitan Area

1 SPRING PARK
2 ORONO
3 MINNETONKA BEACH
4 TONKA BAY
5 EXCELSIOR
6 GREENWOOD
7 WOODLAND
8 MEDICINE LAKE
9 VICTORIA
10 ROBBINSDALE
11 SPRING LAKE PARK
12 U.S. GOVERNMENT
13 HILLTOP
14 COLUMBIA HEIGHTS
15 ST. ANTHONY
16 LAUDERDALE
17 FALCON HEIGHTS
18 MENDOTA
19 LILYDALE
20 GREY CLOUD
21 LANDFALL
22 DELLWOOD
23 PINE SPRINGS
24 MAHTOMEDI
25 GEM LAKE
26 BIRCHWOOD
27 WHITE BEAR
28 BAYPORT
29 WILLERNIE
30 OAK PARK HEIGHTS
31 LAKELAND SHORES
32 ST. MARY'S POINT

Source: Metropolitan Council of the Twin Cities Area, 1977.

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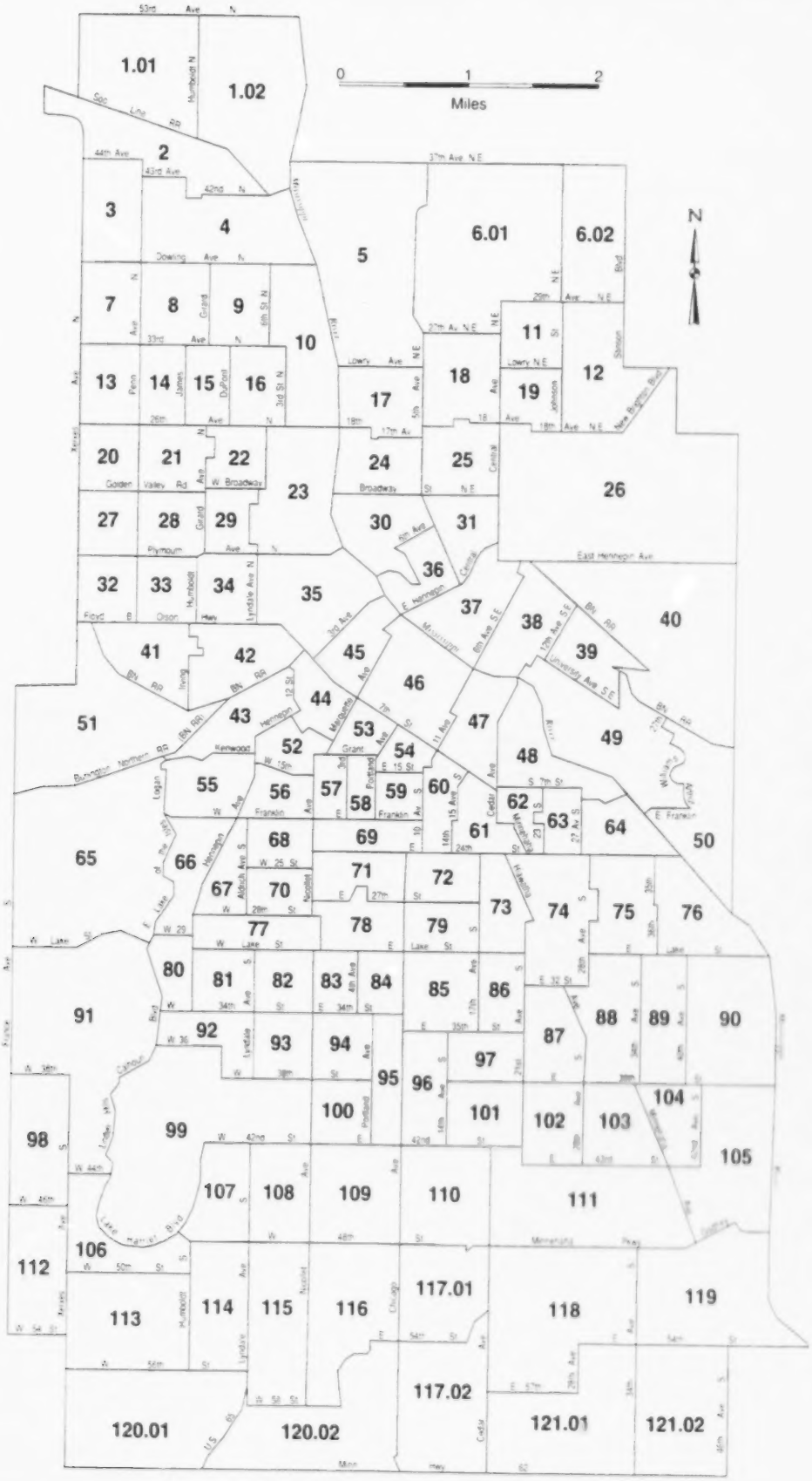
A-3: Census Tracts in Minneapolis, 1990



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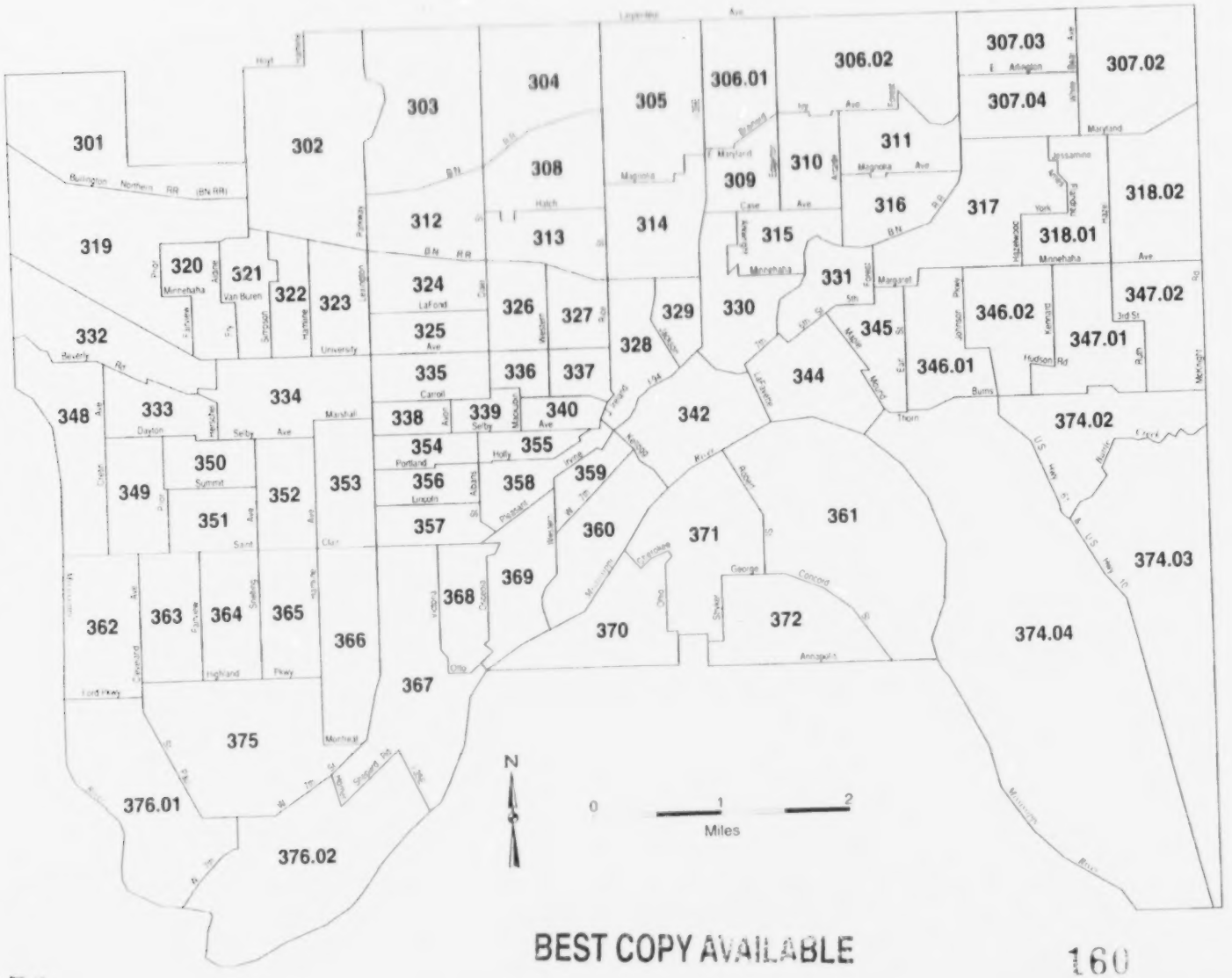
A-4: Census Tracts in Saint Paul, 1990



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